

VIRGINIA.

James S. Castle to be postmaster at Dungannon, Va., in place of J. S. Castle. Office became third class January 1, 1924.

Ray L. Barlow to be postmaster at Buckner, Va., in place of J. S. Terrell. Office became third class October 1, 1923.

Amos L. Cannaday to be postmaster at Pulaski, Va., in place of J. D. Askew. Incumbent's commission expired September 13, 1922.

Frank H. Forbes to be postmaster at North Tazewell, Va., in place of C. F. Kitts. Incumbent's commission expired August 15, 1923.

Bernard Willing to be postmaster at Irvington, Va., in place of J. W. Haydon. Incumbent's commission expired February 14, 1924.

William T. Oakes to be postmaster at Gladys, Va., in place of R. C. Morgan. Incumbent's commission expired February 14, 1924.

Abraham L. Longerbeam to be postmaster at Bluemont, Va., in place of J. E. Lewis. Incumbent's commission expired February 14, 1924.

WASHINGTON.

Kendall E. Schweitzer to be postmaster at Underwood, Wash., in place of H. S. Adams. Office became third class April 1, 1923.

CONFIRMATIONS.

Executive nominations confirmed by the Senate February 29, 1924.

AMBASSADORS EXTRAORDINARY AND PLENIPOTENTIARY.

Charles Beecher Warren to be ambassador extraordinary and plenipotentiary to Mexico.

William Phillips to be ambassador extraordinary and plenipotentiary to Belgium, and envoy extraordinary and minister plenipotentiary to Luxemburg.

PROMOTIONS IN THE NAVY.

MARINE CORPS.

Ben H. Fuller to be brigadier general.

Macker Babb to be colonel.

To be second lieutenants.

Richard Fagan.	William W. Conway.
James E. Jones.	Clyde Shoemith.
Theodore A. Holdahl.	Robert J. Mumford.
Ernest E. Shaugnessey.	Paul A. Curtis.
Lewis B. Puller.	Albert D. Cooley.

POSTMASTERS.

IDAHO.

William W. McNair, Middleton.

INDIANA.

Romain C. Campbell, Butler.

Jesse Downen, Carbon.

Joseph W. Morrow, Charlestown.

LaFayette H. Ribble, Fairmount.

Harry T. Thompson, Lebanon.

William I. Ellison, Winona Lake.

KENTUCKY.

Mattie R. Tichenor, Centertown.

Howard C. Pentecost, Corydon.

Egbert E. Jones, Milton.

Charlie H. Throckmorton, Mount Olivet.

Leonard F. Gibbs, Rockport.

NEW YORK.

John G. McNicoll, Cedarhurst.

John E. Duryea, Farmingdale.

Wallace Thurston, Floral Park.

Clifton S. Haff, Northport.

Fred L. Seager, Randolph.

Elmer Ketcham, Schoharie.

Elsie V. Webb, Union Springs.

Harry A. Jeffords, Whitney Point.

Ruth W. J. Mott, Oswego.

OKLAHOMA.

Charles C. Chapell, Okmulgee.

OREGON.

Jesse E. Hamstreet, Brogan.

William I. Smith, Redmond.

PENNSYLVANIA.

Charles G. Fullerton, Freeport.

Edgar M. Chelgren, Grumpian.

John T. Painter, Greensburg.

Michael A. Grubb, Liverpool.
Ralph L. Snyder, New Tripoli.
William E. Brooks, Ridley Park.
William W. Thorn, St. Clair.
Malcolm H. Shick, Sheffield.

SOUTH CAROLINA.

Ernest E. Brown, Aiken.

TENNESSEE.

Ben M. Roberson, Loudon.

VIRGINIA.

Robert L. Olinger, Blacksburg.

WASHINGTON.

John P. Helphrey, Curlew.

Nellie Tyner, Dishman.

J. Frank Hall, Edwall.

WEST VIRGINIA.

James T. Akers, Bluefield.

Hugh B. Campbell, Northfork.

HOUSE OF REPRESENTATIVES.

FRIDAY, February 29, 1924.

The House met at 11 o'clock a. m., and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Lord, our God, Thou art the eternal source of every joy and every blessing. Thy goodness crowns each succeeding day. We thank Thee that our times are in Thy hands; Thou art with us in every state. Let us look above created things and find peace of soul in our fondest hopes. On we go, blessed Lord, being carried on the stream of time. O stay the tempest, quiet the storm, soften the gale that drives us nearer, nearer home. For Thy name's sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

PERMISSION TO SIT DURING SESSIONS OF THE HOUSE—POST OFFICE COMMITTEE.

Mr. GRIEST. Mr. Speaker, I ask unanimous consent that the Post Office Committee and Subcommittee No. 1 of that committee, having charge of salaries, have leave to sit during the sessions of the House.

Mr. GARRETT of Tennessee. Mr. Speaker, I have no objection, but that is a very unusual way to put such a request. It is a subcommittee of the Post Office Committee, is it not?

Mr. GRIEST. Yes.

Mr. GARRETT of Tennessee. If the committee has permission to sit, of course any subcommittee would have the same right. I suggest that the gentleman ask unanimous consent that the Post Office Committee have leave to sit during the sessions of the House, and that would give the same right to any subcommittee of the Post Office Committee.

Mr. GRIEST. Does the gentleman think that would give a subcommittee permission to sit during the sessions of the House?

Mr. GARRETT of Tennessee. Absolutely.

Mr. GRIEST. Mr. Speaker, I accept the suggestion made by the gentleman from Tennessee.

The SPEAKER. The gentleman from Pennsylvania [Mr. GRIEST] asks unanimous consent that the Post Office Committee have leave to sit during the sessions of the House. Is there objection?

There was no objection.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 356. An act for the relief of John H. Walker;

S. 1249. An act for the relief of Rosa E. Plummer;

S. 1894. An act for the relief of the owners of the steamship *Kin-Dave*;

S. 353. An act for the relief of Reuben R. Hunter;

S. 1784. An act to provide for the closing of a portion of Massachusetts Avenue NW. in the District of Columbia, and for other purposes;

S. 1815. An act for the relief of Capt. Murray A. Cobb;

S. 361. An act for the relief of Fred V. Plomteaux;

S. 383. An act for the relief of William R. Bradley;

S. 1353. An act for the relief of Annie McColgan;
S. 1631. An act to authorize the deferring of payments of reclamation charges;

S. 1339. An act to authorize the widening of Georgia Avenue between Fairmont Street and Gresham Place NW.; and
S. 1343. An act to authorize the widening of Fourth Street south of Cedar Street NW. in the District of Columbia, and for other purposes.

The message also announced that the Senate had passed with amendments bills of the following titles, in which the concurrence of the House of Representatives was requested:

H. R. 4121. An act to extend the provisions of certain laws to the Territory of Hawaii.

The message also announced that the Senate had concurred in House concurrent resolution of the following title:

House Concurrent Resolution 14.

Resolved by the House of Representatives (the Senate concurring). That the thanks of Congress be presented to the Hon. Charles E. Hughes for the able and appropriate memorial address delivered by him on the life and services of Warren G. Harding, late President of the United States, in the Representatives' Hall before both Houses of Congress and their invited guests on the 27th day of February, 1924, and that he be requested to furnish a copy for publication.

Resolved further, That the chairman of the joint committee appointed to make arrangements to carry into effect the resolutions of this Congress in relation to the memorial exercises in honor of Warren G. Harding be requested to communicate to Mr. Hughes the foregoing resolution, receive his answer thereto, and present the same to both Houses of Congress.

SENATE BILLS REFERRED.

Under clause 2, Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 353. An act for the relief of Reuben R. Hunter; to the Committee on Claims.

S. 356. An act for the relief of John H. Walker; to the Committee on Claims.

S. 361. An act for the relief of Fred V. Plomteaux; to the Committee on Claims.

S. 1249. An act for the relief of Rosa E. Plummer; to the Committee on Claims.

S. 1339. An act to authorize the widening of Georgia Avenue between Fairmont Street and Gresham Place NW.; to the Committee on the District of Columbia.

S. 1343. An act to authorize the widening of Fourth Street south of Cedar Street NW., in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

S. 1353. An act for the relief of Annie McColgan; to the Committee on Claims.

S. 1631. An act to authorize the deferring of payments of reclamation charges; to the Committee on Irrigation and Reclamation.

S. 1784. An act to provide for the closing of a portion of Massachusetts Avenue NW., in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

S. 1815. An act for the relief of Capt. Murray A. Cobb; to the Committee on War Claims.

S. 1894. An act for the relief of the owners of the steamship *Kin-Dave*; to the Committee on Claims.

S. J. Res. 52. Joint resolution for the relief of the drought-stricken farm areas of New Mexico; to the Committee on Agriculture.

REVENUE ACT OF 1924.

Mr. GREEN of Iowa. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 6715, the revenue bill.

The SPEAKER. The gentleman from Iowa moves that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 6715) to reduce and equalize taxation, to provide revenue, and for other purposes, with Mr. GRAHAM of Illinois in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 6715, the revenue bill, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 6715) to reduce and equalize taxation, provide revenue, and for other purposes.

Mr. GREEN of Iowa. Mr. Chairman, as I remember, at the time the committee rose last evening there was an amendment pending.

The CHAIRMAN. The amendment offered by the gentleman from Nebraska [Mr. SIMMONS] was pending.

Mr. SIMMONS. Mr. Chairman, I had been recognized last evening. I ask unanimous consent to modify my amendment by striking out all of line 4, on page 208, and that part of the word "employees" in line 5.

The CHAIRMAN. The gentleman from Nebraska asks unanimous consent to modify his amendment, and the Clerk will report the amendment as sought to be modified.

The Clerk read as follows:

Modified amendment offered by Mr. SIMMONS: Page 208, strike out all of line 4 and that part of the word "employees" appearing in line 5.

The CHAIRMAN. Is there objection to the modification?

There was no objection.

The CHAIRMAN. Does the gentleman desire recognition?

Mr. SIMMONS. Yes.

The CHAIRMAN. The gentleman from Nebraska is recognized.

Mr. LONGWORTH. Mr. Chairman, may we have the amendment read as modified?

The CHAIRMAN. The Clerk has just read it, but without objection, it will be again reported.

Mr. LONGWORTH. That was the amendment as modified?

The CHAIRMAN. Yes.

Mr. SIMMONS. Mr. Chairman and gentlemen, it is not necessary to go into any extended discussion of this amendment. The bill as reported by the committee provided that the members of the board of tax appeals should have not to exceed \$10 a day for subsistence and that the employees of the board should have not to exceed \$7. I take it the committee has found, as a matter of fact, that \$7 is sufficient for the subsistence of the employees of this board, and that being true, I also take it that \$7 should be sufficient for the subsistence of a member of the board. For that reason I have offered the amendment.

Mr. YOUNG. Will the gentleman yield?

Mr. SIMMONS. Yes, sir; gladly.

Mr. YOUNG. The gentleman will notice that the wording is "not to exceed" certain amounts.

Mr. SIMMONS. Yes, sir.

Mr. YOUNG. These boards will meet in big cities, in some small cities and in some big cities, and in any case they must give an itemized statement of their expenses and that statement will be subject to scrutiny and criticism. But in the big cities I do not suppose the gentleman would expect the members of this board of appeals to stop at the cheapest place in the city, and, as the gentleman knows, rooms in hotels in the large cities are expensive, and it is quite conceivable that their expenses might run up to as much as \$10 a day and still their expenses will not be extravagant and the members of the board not live in a way that would be inappropriate.

Mr. SIMMONS. I thought the gentleman intended to ask a question, but in answer to the gentleman's statement I will say that it seems to me the same argument would apply to employees as well as to members of the board.

Mr. YOUNG. Then, perhaps, the amount should be raised for employees instead of the other amount being reduced.

Mr. McLAUGHLIN of Michigan. Will the gentleman yield?

Mr. SIMMONS. Yes, sir; gladly.

Mr. McLAUGHLIN of Michigan. As I understand, the gentleman's amendment strikes out all that relates to expenses.

Mr. SIMMONS. No, sir. The bill provides that the members and employees shall receive "while traveling on duty and away from their designated stations, in an amount not to exceed \$10 per day in the case of members, and \$7 per day in the case of employees."

Mr. McLAUGHLIN of Michigan. And then you strike that out?

Mr. SIMMONS. No, sir; not at all.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. SIMMONS. Yes, sir; gladly.

Mr. GREEN of Iowa. While I am not in favor of the gentleman's amendment, I assume it is going to carry or else something less, and if the gentlemen take up a great deal of time on this the final result will be that there will be a less amount. While I think it ought to be more, I think there is

great danger that the members and employees will get less than more.

Mr. GARNER of Texas. Will the gentleman yield?

Mr. SIMMONS. Yes, sir; gladly.

Mr. GARNER of Texas. Mr. Chairman, I think it is the strangest thing of all that the gentleman from Iowa and his colleagues on the Ways and Means Committee have not gotten together and fixed up the matter of the expense allowance to this board and its employees. I understood last night that the matter could be arranged in five minutes, and I assumed from that statement that the gentleman from Iowa would at least interest himself to the point of seeing whether he could not get an agreement as to what these expenses ought to be. Of course, we can take an hour discussing this matter, one that ought to be disposed of in five minutes.

Mr. GREEN of Iowa. I can not control the members of the committee. If they persist in taking up time on trivial matters I can not help it.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. GREEN of Iowa. Mr. Chairman, I move that all debate on this amendment and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is now on the amendment offered by the gentleman from Nebraska [Mr. SIMMONS].

Mr. GARNER of Texas. Mr. Chairman, what is the effect of the gentleman's amendment? Changing the amount from \$10 to \$7?

Mr. GREEN of Iowa. That is the effect of it.

The CHAIRMAN. If the gentleman desires, the modified amendment will be again reported.

Mr. GARNER of Texas. I would like to have it again reported.

The CHAIRMAN. Without objection, the Clerk will report the amendment again as modified.

The Clerk again read the amendment as modified.

Mr. SIMMONS. Mr. Chairman, the amendment last evening provided for inserting \$7 in place of \$10.

The CHAIRMAN. The Clerk will again report the amendment.

The Clerk read as follows:

Strike out, in line 3, "\$10" and insert "\$7," and strike out all of line 4 and that part of the word "employees" appearing in line 5.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska.

The question was taken; and on a division (demanded by Mr. SIMMONS) there were—ayes 60, noes 47.

So the amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I ask unanimous consent to return to page 100, where the Moore amendment was adopted with reference to publicity matters, in order that I may move an amendment to it correcting the verbiage and not changing the sense of it at all. I submitted the matter to Mr. MOORE the other day.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent to return to page 100 to offer a perfecting amendment. Is there objection?

Mr. GARNER of Texas. Mr. Chairman, I understand the gentleman says he has submitted the proposed amendment to the gentleman from Virginia, and it is entirely agreeable to him.

Mr. GREEN of Iowa. That is my understanding.

Mr. GARNER of Texas. I do not want any understanding about it. I want an affirmative statement about a matter of that kind.

Mr. MOORE of Virginia. Mr. Chairman, these are the facts: I offered an amendment, and there was an amendment thereto offered by Mr. TILSON, of Connecticut. Mr. TILSON's amendment was in the language proposed by another Member and did not accurately designate the committees.

Mr. GREEN of Iowa. Mr. Chairman, I will withdraw the request for the present. I would like to have the gentleman look it over and see if he can not accept it.

Mr. MOORE of Virginia. It will only take a moment to explain. The two committees were not properly designated. Now, that was all, and what is proposed by the gentleman from Iowa will properly designate the committees. There can not be any objection to it.

Mr. CHINDBLOM. Is there any change in the substance?

Mr. GREEN of Iowa. No change in the substance at all.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none, and the Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. GREEN of Iowa to the amendment of Mr. MOORE of Virginia:

"On page 100, strike out the 'Ways and Means Committee of the House and the Finance Committee of the Senate' and insert in lieu thereof the following: 'The Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate,' and after the word 'provided,' in line 13, insert 'further.'"

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken, and the amendment was agreed to.

Mr. CROSSER. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. CROSSER. I want to offer, Mr. Chairman, an amendment at the end of this title.

The CHAIRMAN. The gentleman from Ohio offers an amendment, which the Clerk will report.

Mr. CROSSER. I have not the amendment prepared, but I see that I must offer it here if I offer it at all. I offer an amendment as follows:

Page 208, after line 12, after the word "taxes," insert "when the board and its employees provided for in Title IX shall have been installed, any other board and its employees heretofore performing the same service shall be dispensed with."

Mr. CHINDBLOM. Mr. Chairman, I make the point of order that that is too late.

The CHAIRMAN. Let the Clerk first report the amendment. Has the gentleman his amendment in writing?

Mr. CROSSER. No; I have not quite finished it.

The CHAIRMAN. For the purpose of having the Clerk report the amendment the gentleman had better have it in writing.

Mr. CHINDBLOM. Mr. Chairman, I withdraw the point of order.

The Clerk read as follows:

Amendment offered by Mr. CROSSER: Page 208, after line 12, after the word "taxes," insert: "When the board and its employees provided for in Title IX shall have been installed, any other board and its employees heretofore performing the same service shall be dispensed with."

Mr. CHINDBLOM. Will the gentleman yield for a suggestion?

Mr. CROSSER. Yes.

Mr. CHINDBLOM. If you say "any board or committee heretofore performing the same service"—

Mr. CROSSER. That is exactly the object of the amendment.

Mr. GREEN of Iowa. This will simply throw everything into chaos down in the Treasury Department.

Mr. CROSSER. I want to address the committee for a couple of minutes on the subject.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. CROSSER. Yes.

Mr. CHINDBLOM. I will say to the gentleman that the committee on appeals and review will be dispensed with, because this board would take its place, but they do not want to throw the employees out of the department.

Mr. CROSSER. I do not want to claim too much for an amendment which has been hastily drawn, but I do want to call the attention of the committee to this proposition. As the gentlemen who are supporting this board of appeals know, I gave my support not only to the board but opposed such amendments as would have interfered with adequate payment for the services of this board, because I think that it is highly essential and a very desirable feature of this bill. I think the public should have some independent body to which it can go for a review and for redress of its grievances, if necessary, but my experience with these departments is that, unless there is some specific provision directing the abolition of any preexisting boards or commissions or employees, we will find that they will continue in existence in addition to the new board of appeals which we have properly provided for. I do not want to leave that to the discretion of any department, and I am sure that if we do leave it to their discretion what will happen will be that we will simply have so many more unnecessary employees.

Mr. YOUNG. Will the gentleman yield?

Mr. CROSSER. Yes.

Mr. YOUNG. I am inclined to think we can trust the Treasury Department not to duplicate the service, and I notice that this amendment is subject to some other objections.

Mr. CROSSER. The amendment was hurriedly drawn, I will say to the gentleman.

Mr. YOUNG. The amendment provides that you are going to dispense with all of the employees of any similar board in the past. I want to suggest that those clerks might be used in some other capacity, but you provide that the department must dispense with their services.

Mr. CROSSER. The gentleman will recognize the necessity for some legislation in regard to this matter. If we do not incorporate such a provision, we shall have two boards continuing, perhaps not in conflict with each other, but drawing salaries and unnecessarily increasing the pay roll. As I have already said, yesterday I voted for adequate pay for the members of the board, and for a sufficient number on the board. I do not want to curtail it in any way whatever, but I do not want to leave with the department the power of continuing on the pay roll a lot of previously existing boards or commissions, or unnecessary employees, which the committee yesterday assured us were to be superseded by the board of appeals.

Mr. GREEN of Iowa. Mr. Chairman, if the gentleman's amendment had any effect at all, and I do not think it would have, it would simply throw the Treasury Department into chaos, and would prevent the Treasury from assigning the work and dividing it as it ought to be.

Mr. Chairman, I move that all debate on this amendment and all amendments thereto do now close.

Mr. CROSSER. Will the gentleman yield for a question?

Mr. GREEN of Iowa. No; we can not spend time on propositions of this sort.

Mr. CROSSER. I wanted to ask a question; that is all.

Mr. GREEN of Iowa. Well, what is it you wanted to ask?

Mr. CROSSER. Does the gentleman desire that any boards now existing for the performance of the work that this board of appeals is intended to perform shall continue in existence?

Mr. GREEN of Iowa. The gentleman knows that these claims have got to be heard in the department, or he ought to know that the claims ought to be heard in the department.

Mr. CROSSER. Quite so.

Mr. GREEN of Iowa. And if what you want is really carried into effect, they would not get any hearing in the Treasury at all.

Mr. CROSSER. The gentleman will admit that this board of appeals was represented yesterday as a substitute for what we now have, was it not?

Mr. GREEN of Iowa. No.

Mr. CROSSER. Now, a word as to the bill in general. An examination of the so-called Mellon tax plan should satisfy anyone that its object is to benefit the few who have great incomes, rather than the millions of American people. If, however, there were any doubt about the correctness of this statement, the methods used to force Congress to adopt the so-called Mellon plan would remove that doubt. Great amounts of money have been spent for advertising which has urged the Mellon plan. On the screens of every moving-picture house in the country we have seen the propaganda for the Mellon plan, and to every Member of Congress have come thousands of letters almost in the same language, often in exactly the same language, and without doubt sent at the demand of propaganda headquarters. People have not been merely requested to write to their Congressmen saying that the writers have carefully considered the Mellon bill—containing 242 pages—and that they urge Congress to pass it, but the arrogant propagandists have attempted to force their employees to write such letters to their Members of Congress.

To show the methods used by those who are determined to force Congress to pass the so-called Mellon plan I quote the following from a letter written to the employees of the Aeolian Co. of New York:

To all Aeolian employees:

It is of the utmost importance and a matter of vital interest to all of us that the program of tax revision, commonly called the Mellon plan, be passed at the present session of Congress.

It is also vitally important that the so-called bonus bill should not be passed. * * *

I am asking that you write at once to the two Senators representing New York State at Washington, as well as the Representative of your voting district, that you, as one of their constituents, desire them, as representing you, to vote for the Mellon bill without changes and to vote against any kind of a bonus bill.

Write your letter for the Representative of your district and send it to Miss Reilly, executive offices, Forty-second Street, and she will forward it to the Evening Mail, who will be glad to fill in the name of the proper Representative, provided you give your voting address at the bottom of the letter.

The two Senators are JAMES W. WADSWORTH, Jr., and Dr. ROYAL S. COPELAND.

Address the Senators in care of the United States Senate at Washington and your Representative in care of the House of Representatives, Washington; addressing each one as "Honorable."

We shall check up our pay roll within the next couple of weeks to find out those who have written and those who have not.

Sincerely yours,

W. V. SWORDS.

The following is the form of a letter which one of the big trust companies of New York sent to its stockholders and employees for the purpose of having such stockholders and employees sign the statement and send it to the Congress of the United States:

DECEMBER —, 1923.

To the Congress of the United States:

I respectfully request and urge Congress to take a persistent and aggressive stand for lower Federal taxes and to support a tax-reduction plan substantially along the lines recommended in letters dated November 10 and December 17, 1923, from the Hon. Andrew W. Mellon, Secretary of the Treasury of the United States, to the Hon. WILLIAM R. GREEN, acting chairman Committee on Ways and Means of the House of Representatives; and to refrain from voting in favor of any legislation which will interfere with the carrying out of such tax-reduction plan.

(Name)-----
(Address)-----

These two instances are sufficient to illustrate the tactics used by the powerful interests of the United States to force through Congress a tax bill which suits them. Let us see why these gentlemen are so fond of the Mellon plan and so opposed to the so-called Garner plan for raising revenue. The Garner plan proposes to take 44 per cent of all incomes above \$92,000 a year for the purpose of paying the expenses of the Government. The Mellon plan proposes to take from big incomes only 25 per cent of the amount of such incomes which are over \$100,000 a year. The Garner plan proposes to reduce the tax rate on the smallest incomes paying a tax to 2 per cent, while the Mellon plan proposes a rate on the same incomes 50 per cent higher.

Now, of course, everyone is in favor of lower taxes, but everyone also knows that the Government must have sufficient money to meet its needs. The question is, therefore: Is it more just and more wise to increase the tax burden on the persons receiving ordinary incomes, or should we not tax those with very large incomes at a higher rate than we tax people with smaller incomes?

Those who argue against taking the 44 per cent of all above \$92,000 of the big incomes have a hard time finding an excuse for being against the taking of the 44 per cent of such big incomes. They have a hard time trying to make it appear right that the Government should get a large amount of the money needed to pay its expenses by taking off almost half of the tax on incomes above \$92,000 and then to get the money it needs by increasing the tax on ordinary incomes.

They realized, however, that they must give the people and Congress some kind of an excuse, and so they tell us that they want to help business.

Now, Mr. Chairman, will those who want to take the tax off great incomes and put it on the shoulders of the people with smaller incomes tell us how money left in the pockets of men with incomes of more than \$92,000 a year will help prosperity more than money saved to the people who pay taxes on ordinary incomes?

The welfare of the country depends just as much on the success and prosperity of the smaller business and smaller manufacturer as upon the success of the great money powers. We hear men at one moment denounce and howl about the injustice and tyranny of trusts and monopolies and then in almost the next minute tell us that we must take about one-half the tax from big incomes, the incomes from the huge businesses, and put the tax on the incomes from small business and of small manufacturers.

The statements of Secretary Mellon in support of this unsound policy have been severely condemned by men of all parties. Hon. JAMES COUZENS, the Republican Senator from Michigan, said in the Senate on January 21, 1924:

More dishonest statements, misstatements, if not absolute falsehoods, have been handed out at the Treasury Department of the United States for the purpose of misleading the public than ever were issued by a public department in my recollection of government.

Ah, my friends, the real position of those who argue that it is proper for the Government to cut down by almost a half the

tax on big incomes, on incomes in excess of \$92,000, and instead get the money by taxing more the people with smaller incomes, the real feeling of most men who want such a plan is that if we increase the wealth of those financially powerful, those at the top of the economic structure, enough will dribble down from them to help out those lower down. This is a dangerous doctrine. It implies the argument that if the powerful in society are given control of the country's resources they will be very kind and dole out enough to take care of all the rest. I maintain, Mr. Chairman, that the only way the healthy growth of civilization can be promoted is by assuring, as fully as possible, the success and prosperity of all the people as a result of their honest efforts, unhampered and uncontrolled by industrial or financial overlords.

But they pleadingly assure us that they, too, are anxious to be fair to the people and that the Mellon plan will not be unjust to them. Let us see. According to the latest published statistics of the Treasury Department, there are 6,650,695 income taxpayers in the United States, 9,433 of whom are in the State of Ohio. Now, the undisputed fact is that only 539 of these Ohio income taxpayers would benefit more under the Mellon plan of so-called tax reduction than they would benefit under the Garner tax-reduction plan. On the other hand, 366,557 would benefit more under the Garner tax plan, and only 539 in the whole State would benefit less under the Garner plan than under the Mellon plan. During the war thousands of new millionaires were added to those in the United States prior to the war. The present debt of the Government resulted largely from the war. Is it then unjust that the fabulous incomes of the country should bear a greater proportion of the expense of the Government than the smaller incomes?

I am not one of those who believe that even the taxing of these great incomes according to either the Mellon plan or the Garner plan will be any fundamental remedy for the distribution of wealth so unjustly as is now the case. I would adopt a system of taxation that would prevent the accumulation on the one hand of gigantic amounts of wealth by the few without their giving for it service equal in value, and, on the other hand, make it unnecessary for the many millions of people to struggle from morn till night for merely enough to enable them to exist.

But until the people and their representatives are ready to prevent by a sane method such an unjust distribution of the bounties of nature, I shall support, as now, such method of taxation as will put in the Public Treasury a reasonable amount of the wealth unjustly acquired by the very few. [Cries of "Vote!" "Vote!"]

The CHAIRMAN. The gentleman from Iowa moves that all debate on this amendment and all amendments thereto do now close.

The question was taken, and the motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. CROSSER].

The question was taken; and on a division (demanded by Mr. GREEN of Iowa) there were 17 ayes and 77 noes.

So the amendment was rejected.

The Clerk read as follows:

RULES AND REGULATIONS.

SEC. 1001. The commissioner, with the approval of the Secretary, is authorized to prescribe all needful rules and regulations for the enforcement of this act.

Mr. DEAL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this section provides a blanket grant of power to the executive branch of our Government to make such rules and regulations as it may deem necessary for the enforcement of the proposed law. There are no checks, no reviews, no revisions. The Supreme Court has rendered some decisions that would indicate that Congress has the right to delegate the power of making rules and regulations, but there should be some limit as to the extent of those rules and regulations. We all know that when we give to a department the right to make a rule, or give them an inch they will take an ell, and they soon walk over into the realm of lawmaking.

The Internal Revenue Department has already written a code of laws for regulating the taxpayer in the matter of returns, and they assess him arbitrarily, frequently unjustly; he has no redress except through the courts. The gentleman from Georgia [Mr. LARSEN] a few days ago gave us an instance of a taxpayer who had been arbitrarily assessed, unjustly assessed, and in order to save the payment of the excess tax he was forced to sign a waiver. The waiver carried him over the period in which the law limited the examination of his books, likewise the date for appeal, and the department then pleaded

the statute of limitations, so that he could not go into the court and obtain redress. The gentleman from Illinois [Mr. CHINDBLOM] stated that the Internal Revenue Department had arbitrarily—I think that is the substance of it—assessed income in cases of a man's return in excess of that which was just and right in order to force the taxpayer to come forward and sign a waiver.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. DEAL. Yes.

Mr. CHINDBLOM. At the time they made the assessment they intended that it should be just.

Mr. DEAL. Yes; but they took all the advantage and gave the taxpayer none. The last Congress had to make an appropriation of about \$105,000,000, I think it was.

Mr. CHINDBLOM. Will the gentleman yield for a further suggestion?

Mr. DEAL. Yes.

Mr. CHINDBLOM. This practice will be stopped definitely and effectively by this board of tax appeals. The arbitrary assessments will be stopped.

Mr. HUDSPETH. What assurance has the gentleman of that?

Mr. DEAL. The last Congress appropriated \$105,000,000 for the repayment of taxes unjustly taken from the taxpayer. If there were \$105,000,000 taken from the taxpayers of this country unjustly which was detected by the taxpayers themselves, Heaven only knows how much was taken from them that was not detected and unjustly paid by the taxpayers and now enjoyed by the Government. There are no means of determining this amount. It may be fairly assumed that it would run into the hundreds of millions of dollars.

Not only that, but the taxpayer when assessed arbitrarily in a sum greater than he believes that he owes the Government is forced to secure the services of an attorney or a certified accountant, bear the expense of coming to Washington and looking into his accounts, and my judgment is that it has cost the taxpayers of this country over half a billion dollars in fees to certified accountants to aid them in reducing their taxation.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. DEAL. I ask for five minutes more.

The CHAIRMAN. The gentleman from Virginia asks that his time be extended five minutes. Is there objection?

Mr. GREEN of Iowa. Mr. Chairman, I shall be compelled to object; my friend can extend his remarks in the Record.

Mr. DEAL. Oh, yes; I have sat here for two weeks and have not opened my lips and now that I want to make some remarks on this iniquitous proposition that you have before Congress you want to shut me off.

Mr. GREEN of Iowa. The gentleman has waited until the last minute before he has seen fit to say anything; but, Mr. Chairman, I withdraw my objection.

Mr. DEAL. This is section 1001, in the latter part of the bill. It is the principal objection that I have to the whole measure, the one thing that the taxpayers of my district, and all other districts from which I have heard, complain mostly of in the bill. These regulations of the Internal Revenue Department have the force of law and subject the taxpayer to a prison penalty if he violates them. It is nothing more or less than law. I believe Congress should write the law and not leave it to the Internal Revenue Department. It would be idle to say that Congress has not the power and ability to do it; it can do it. The great Ways and Means Committee is capable of writing the law as well as the Internal Revenue Department, and they should write it and protect the taxpayer by letting him know what the law is. These regulations are binding on the taxpayer and not upon the revenue department. It can change the rules from year to year, month to month, week to week, and every morning before breakfast if they feel like doing it. The taxpayer has no redress and they never know what the law is. As an evidence of the arbitrariness of the department, Mr. McCarl issued a ruling that the workmen's compensation should be held up and not paid; that it is wrong. The law says that they shall be paid a certain compensation at certain times, but the department handling this measure is forced to cease payment of the workmen's compensation to-day because of the arbitrary ruling of Mr. McCarl, which he says supersedes the advice and opinion of the Attorney General, and even the President himself. The same is true of the Navy Department. Some of our young men have been denied the right of compensation for dependents, and not only have they been denied this right but they have been forced to make restitution of amounts already paid, going back some two or three

years. I have a case in which men have been required to make refunds through a period of two and a half years on account of this ruling of Mr. McCarl.

The Internal Revenue Department does not seem to have any regard for the taxpayer at all, nor does it seem that Congress has any regard either. We are continually talking about justice here. I have seen men walk up and down this Hall like caged lions demanding justice. Analyzed, it means that they want to place the tax on the other fellow. It seems to me that in the matter of taxes the justice demanded consists in an effort to have certain interests exempted from taxation. We can not all be exempted from taxation. The Government must have revenue, but while we are being taxed we ought to have some regard for the taxpayers who have to make out their returns, and not force them to the expense of a certified accountant and exorbitant expense in the matter of their tax returns.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. DEAL. Yes.

Mr. CHINDBLOM. Of course, the gentleman knows that the Comptroller General is not a part of the Treasury Department.

Mr. DEAL. I am merely citing that to show—

Mr. CHINDBLOM. He is superior to everybody else.

Mr. DEAL. It seems that he is superior even to the President.

Mr. CHINDBLOM. Not only in fact, but in conduct he is superior to everybody else.

Mr. McSWAIN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McSWAIN: Page 208, line 23, strike out the period, insert a comma and the following: "provided such regulations shall not enlarge or modify any of the provisions of this act and of any other law, and all such rules and regulations and all amendments thereto shall be annually reported to Congress."

Mr. GREEN of Iowa. Mr. Chairman, personally I have no objection to the amendment and am willing to accept it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina.

The amendment was agreed to.

The Clerk read as follows:

SEC. 1002. (a) Every person liable to any tax imposed by this act, or for the collection thereof, shall keep such records, render under oath such statements, make such returns, and comply with such rules and regulations, as the commissioner, with the approval of the Secretary, may from time to time prescribe.

Mr. DEAL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DEAL: Page 209, lines 3 and 4, strike out the words "keep such records."

Mr. DEAL. Mr. Chairman, my purpose in offering this amendment is to protect the small operator or business man. I do not think that the Internal Revenue Department or the commissioner would really require every man to keep a set of books, but it gives him the power, and, in carrying out the same idea I heretofore presented, I assume that he may exercise that power. I want to protect the small business man from being required to keep a set of red tape books in accordance with the requirements of the commissioner.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. DEAL. In just a moment. The larger business firms, of course, keep their books and it is no trouble for them to keep them in such a manner as to suit the commissioner, but it would be a great hardship to many of the small business men of this country to have to keep books in accordance with the requirements of the commissioner. I yield to the gentleman from Iowa.

Mr. GREEN of Iowa. Is the gentleman aware that this has been in the law for years?

Mr. DEAL. I am not concerned with precedents. I say to the gentleman from Iowa that I am not a lawyer, and not being a lawyer, precedent has no great weight with me. If it has been the law and if it is wrong, we ought to correct it now.

Mr. GREEN of Iowa. Is the gentleman aware that this would enable every person who is disposed to do so to cheat the Government out of the tax—that is, any man who carries on a business of any kind.

Mr. DEAL. The gentleman is assuming that every taxpayer is disposed to defraud the Government.

Mr. GREEN of Iowa. I am not, but I know that a large number are.

Mr. DEAL. American and English jurisprudence since the days of Magna Charta assumes that every man is innocent of crime until he is proven guilty, and the burden of proof rests upon the Government. In this law the situation is reversed, and every man is assumed to be guilty and the burden rests upon him to prove his innocence. I want to protect the citizen.

Mr. GREEN of Iowa. Mr. Chairman, this is a very important matter, and I hope I may have the attention of the committee for a few minutes. If this amendment were adopted, it would cost the Government anywhere from fifty to a hundred million dollars in taxes that ought to be paid. This provision has been in the law for years, and it has not hurt any honest man, nor has it made any extra expense or trouble.

Mr. DEAL. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. I want just a minute. Does the gentleman claim that anybody has been hurt by this provision? He has not claimed it.

Mr. DEAL. I do not claim that they have been hurt, but I claimed that they had been placed at great inconvenience and expense unnecessarily.

Mr. GREEN of Iowa. No one has been placed to any inconvenience and expense. There is a certain class of people, mostly foreigners, who, if this provision were left out, would not pay any taxes at all. There are some of them now trying to avoid keeping any books, and they are not keeping any bank accounts. What they want is to beat the Government out of all taxes.

Mr. Chairman, I move that all debate upon this paragraph and all amendments thereto now close.

The CHAIRMAN. The gentleman from Iowa moves that all debate on this amendment and all amendments thereto be now closed. The question is on agreeing to that motion.

The motion was agreed to.

The CHAIRMAN. The question now is on agreeing to the amendment offered by the gentleman from Virginia [Mr. DEAL].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

EXAMINATION OF BOOKS AND WITNESSES.

SEC. 1004. The commissioner, for the purpose of ascertaining the correctness of any return or for the purpose of making a return where none has been made, is hereby authorized, by any revenue agent or inspector designated by him for that purpose, to examine any books, papers, records, or memoranda bearing upon the matters required to be included in the return, and may require the attendance of the person rendering the return or of any officer or employee of such person, or the attendance of any other person having knowledge in the premises, and may take his testimony with reference to the matter required by law to be included in such return, with power to administer oaths to such person or persons.

Mr. DEAL. Mr. Chairman, I move to strike out the entire paragraph.

The CHAIRMAN. The gentleman from Virginia [Mr. DEAL] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. DEAL: Page 211, beginning with line 10, strike out the paragraph 1004.

Mr. DEAL. Mr. Chairman, the fourth amendment to the Constitution is one amendment which the Supreme Court has not declared unconstitutional. The fourth amendment provides that the right of the citizens to be free from unreasonable searches and seizures of their persons, houses, papers, and effects shall not be violated, and no warrant shall lie except upon probable cause, stating the place, persons, or things to be searched and seized and described and their location. This section gives the Commissioner of Internal Revenue the right to send his agents, detectives, and spies into the home of every American citizen and search his papers, his books, and his private correspondence to seek a cause or probability of fraud. Now, the citizen is presumed to be innocent until proved to be guilty, and the burden of proof rests upon the Government, and I contend that we should not delegate any such power as this. It is clearly unconstitutional. We have no right to do it, and in doing so we are simply placing a citizen at the mercy of the Commissioner of Internal Revenue to do as he pleases, with no defense, no opportunity on the part of the citizen to defend or protect himself in any manner whatsoever. I submit that Congress would be exceeding its power should it pass any such legislation as this. [Applause.] All governments are supposed to exist by consent of the governed; especially is this true with ours. It is not intended as a means of persecution

and oppression, but to afford the greatest amount of peace, happiness, and prosperity. Section 1004 is the antithesis of it all and clearly unconstitutional. It is in keeping, however, with the policy being pursued by the prohibition department, which is, of course, sufficient warrant for any violation of the statute or constitutional law.

Mr. TREADWAY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, if some of us are not too loquacious—probably I am one of them—we expect to get final votes upon this bill to-day.

Reaching to that point, I can not refrain from expressing a few personal views, in no wise representing anybody but myself, and it may be a poor representation at that. I have always been a pretty strict party man, and I never have been very much disposed to compromising, either with my pride or with people with whom I do not agree. This House started in December to compromise, and we have been at it ever since, and we will be at it to-night when we vote for this bill. I would rather, a great deal rather, go down to defeat with the Mellon rates in this bill, with the rates as they were originally framed, than go on to victory by a compromise with insurgent Republicans or the Democrats.

However, our party leader on the floor seems to think that a better program is to compromise, and if that program is wanted we shall have to go through with it. Sometimes, they say, you have to hold your nose and do a thing that you do not like, and that is the position in which I find myself to-day. [Laughter.] I confess that 37½ per cent is better than 44, but it is not enough better to take the stench away from the 37½ per cent. I am for the surtax rate of 25 per cent as reported by 11 Republican members of the Committee on Ways and Means, and I am not for any compromise of those rates. [Applause.] We want to go to the country with a tax reduction. Perhaps we will, if we write in it 37½ per cent, but we will not go with any real tax revision. It seems we can get a vote here only by showing a reduction of 25 per cent as proposed by Mr. LONGWORTH from the present surtax rates. We will have to be satisfied with that. In other words, over 200 Republicans have to be ruled by about 20. I do not like it, and I resent it. [Applause.]

Mr. TINCHER. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. No. The gentleman can get his own time and speak in it.

I do not like it. I hate like thunder to vote for it. We have been led by a few members of our party, with whom I have not agree, for some time. It is poor leadership, and I kick against it like the deuce. [Applause.]

Mr. NEWTON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. No. The gentleman can speak his own piece. I must get this out of my system before I can vote for it. Thirty-seven and one-half per cent is proposed because certain men want to compromise all the time with 20 men, and lose every time it is done.

Mr. NEWTON of Minnesota. Does not the gentleman expect to get a chance to vote for 25?

Mr. TREADWAY. Yes; and I want to continue to vote for it, and I do not want to compromise.

That is about all I have to say, gentlemen. That tells the plain facts of the case. Let us face them to-day. A majority of the Republican Members of this House ought to write into this bill the rates as suggested by the administration—call them the Mellon rates, or the Ways and Means rates, or the Republican rates, as you please; call them what you have a mind to. It is a bill on which we ought to go through to the end. [Applause.]

Mr. CROWTHER. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. CROWTHER. The gentleman knows that I am as anxious to vote for 25 per cent as he is, but is it not a recognized fact that the best legislation that is ever enacted is finally a matter of compromise and arbitration? [Applause.]

Mr. TREADWAY. No; although we very often have to compromise to get anything, and that looks like the situation now. But I deny that it is the best legislation; it is not the best way to legislate; and it is a long way from being the best legislation. However, it is the best we can get, and that is all I can say for it.

Mr. CROWTHER. Will the gentleman yield further?

Mr. TREADWAY. No.

Mr. GREEN of Iowa. Mr. Chairman—

Mr. TREADWAY. Mr. Chairman, has my time expired?

The CHAIRMAN. No.

Mr. TREADWAY. Well, I will not say more than to repeat the thought I have already expressed to the committee, and I will let it go at that. We are again about to be obliged to accept a compromise practically dictated by the insurgent Republicans and one very near their original program. I regret to see the power they have exercised to spoil a good bill. [Applause.]

Mr. GREEN of Iowa. Mr. Chairman, I move that all debate on this amendment and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is now on the amendment offered by the gentleman from Virginia [Mr. DEAL].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 3228. All claims for the refunding or crediting of any internal-revenue tax alleged to have been erroneously or illegally assessed or collected, or of any penalty alleged to have been collected without authority, or of any sum alleged to have been excessive or in any manner wrongfully collected must, except as provided in section 281 of the revenue act of 1924, be presented to the Commissioner of Internal Revenue within four years next after the payment of such tax, penalty, or sum.

(b) This section shall not bar from allowance a claim for credit or refund filed prior to the enactment of this act which but for such enactment would have been allowable.

Mr. CRISP. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Georgia offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CRISP: On page 217, after the end of line 12, insert as a new subsection to be known as paragraph (c) the following:

"That when any taxpayer makes a fair, honest, and correct return as to the taxes due by him to the United States under its internal revenue laws, and the Commissioner of Internal Revenue or any other official of the United States authorized to act in such cases determines that there is a deficiency in respect to the tax due the United States on said return and assesses and levies an additional tax against the taxpayer to the amount of the determined alleged deficiency, and the taxpayer objects to and caveats the right of the Government to assess additional taxes against him and appeals from the determination and decision of the Internal Revenue Bureau in assessing such additional tax; if, upon the hearing and review upon the caveat or appeal, the taxpayer sustains his contention and his original returns are found to be just, fair, and correct, or if he has paid more taxes than due by him, then the Government of the United States shall reimburse the taxpayer his reasonable costs expended in having his appeal reviewed and prosecuted before the proper authorities of the United States in such cases made and provided, the amount of cost to be allowed under this provision to be determined by the Commissioner of Internal Revenue subject to a review by the Court of Claims."

Mr. CRISP. Mr. Chairman, I ask unanimous consent that I may proceed for 10 minutes.

Mr. GREEN of Iowa. Mr. Chairman, I reserve a point of order.

Mr. CRISP. If a point of order is to be made, I would like to hear it, because I do not care to make a speech unless there is some chance of getting the amendment adopted. I would like to hear the point of order, for I do not believe one can be successfully made against the amendment.

Mr. GREEN of Iowa. I think I would rather submit the matter to a vote and not make a point of order. Mr. Chairman, I withdraw the reservation.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that he may proceed on his amendment for 10 minutes. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Georgia is recognized for 10 minutes.

Mr. CRISP. Mr. Chairman and gentlemen of the committee, I have offered this amendment in the utmost good faith, believing it is sound, equitable, and just. I believe in a progressive income tax, but there is great opposition to that tax, and I believe the greatest objection to it is because of its administration and because of the annoyance, the expense, and the inconvenience to the taxpayers in making out their returns, and the injustice done to them, unwittingly, I grant you, but still there are great hardships inflicted upon the taxpayers.

Now, gentlemen, the policy of the Treasury Department is that when they review tax returns they levy and assess an additional tax against the taxpayer, and the policy has been that agents from the Treasury Department would go out and

examine the books of some corporation or business house. They would stay there for weeks, examine the books of the corporation, and when they would finish their examination they would leave without saying anything to those in charge of the business. They would not consult the officers of a corporation or of an individual taxpayer; if they had done so, many of the items that the revenue agents were claiming were unjustly deducted as expenses would have been explained away. But their policy was to leave, and after they were gone for months and possibly a year they would notify the taxpayer that he owed so many hundreds or thousands of dollars additional tax.

Now, I believe the agents of the Government should extend every courtesy and helpful assistance possible to the taxpayer, so as to make the administration of the law as little burdensome as possible, and in that way create as favorable an impression as possible on the taxpayer. It is their duty to do what they can to popularize the law.

Now, I am told by Mr. Mellon's assistant, Mr. Gregg—and I want to join with the others in paying tribute to his ability and his splendid personality—that since I offered this matter before the Ways and Means Committee the Treasury Department has changed its regulations to the extent that when a revenue agent now assesses an additional tax against the taxpayer he must notify the taxpayer of the additional claim and give the taxpayer an opportunity to be heard before the final assessment is made final.

That is an improvement, and I am glad of it, but, gentlemen, it seems to me that when a taxpayer has made an honest, just, and fair return and additional taxes are assessed against him he should have the right to protect his rights as to that additional levy, and if on a rehearing he sustains his contention and shows that his original return was honest and correct that he should not be mulcted in damages by having to pay attorneys' fees, auditors' fees, traveling fees, and other expenses which are absolutely necessary in order that he may protect his rights before the Treasury Department.

Mr. McLAUGHLIN of Michigan. Will the gentleman yield a moment?

Mr. CRISP. I yield.

Mr. McLAUGHLIN of Michigan. The gentleman says "when it has been determined"—by whom? By this new board we have created, by the circuit court, by the Supreme Court of the United States, or by whom?

Mr. CRISP. The amendment reads by the Commissioner of Internal Revenue or other duly constituted authority of the Bureau of Internal Revenue who has power to assess additional taxes. This board of appeals has not that power. They are a board to pass upon whether or not this additional assessment was just and correct.

Mr. CHINDELOM. The gentleman, as I understand it, refers to a judicial review, and not to a review within the department.

Mr. CRISP. Yes; my amendment, I think, is clear; but if it is not, I would be glad to have amendments perfecting it. I think the amendment is clear to this extent, that when a duly authorized agent of the Treasury Department assesses additional taxes against the taxpayer, if upon review before the commissioner, under the present law, or, if this bill is adopted, before the board of tax appeals, he sustains his original returns and establishes that they were honest and correct, then he shall be reimbursed his reasonable cost in prosecuting that appeal.

Mr. KEARNS. Will the gentleman yield for a question there?

Mr. CRISP. Yes.

Mr. KEARNS. Does the gentleman think his amendment is broad enough to include attorneys' fees?

Mr. CRISP. I was just coming to that, I will say to my friend from Ohio.

Mr. KEARNS. I did not think the language was broad enough to cover that.

Mr. CRISP. I was coming to that. When I first introduced a bill, which I urged before the Committee on Ways and Means, I had a second clause in it providing that attorneys' fees, auditors' fees, hotel bills, and transportation charges should be prima facie reasonable cost provided for in the bill. The Committee on Ways and Means submitted the proposition to the Secretary of the Treasury, and the Secretary of the Treasury was not favorable to it, in that he said that the second provision, providing for reasonable cost, embraced every kind of imaginable cost, and it might be that the taxpayer would make contingent-fee contracts, and large ones; and that it was not reciprocal, in that if the taxpayer won he was to be reimbursed all the costs, whereas if the Government won, the Government would not be reimbursed its costs out of the taxpayer.

Mr. YOUNG. Will the gentleman yield?

Mr. CRISP. I must decline to yield for the present unless I get more time.

Mr. YOUNG. I think the gentleman ought to have more time.

Mr. CRISP. Gentlemen, I do not believe the amendment will work any hardship on the Government, because the Government already has its attorneys and its employees paid on salaries. I admit there might be some force in the criticism of the Secretary that it might lead to unreasonable, unfair, and exorbitant cost charges as the bill was originally drafted, so that in the amendment as offered I have protected that. I have cured that and have fixed it so that there will be no unjust hardship on the Government, because the amendment as offered provides that if the taxpayer sustains his returns, then he is entitled to reasonable cost, the reasonable cost to be primarily assessed and fixed by the Commissioner of Internal Revenue, subject to a review by the Court of Claims. If this amendment becomes a law, I have no doubt that in ninety-nine cases out of one hundred whatever reasonable cost is allowed by the Commissioner of Internal Revenue will be accepted by the taxpayer. However, I did not care to put the taxpayer's rights absolutely, so far as this was concerned, in the power of the Commissioner of Internal Revenue, so I added a provision that the action of the Commissioner of Internal Revenue in assessing the attorneys' fees was subject to a review by the Court of Claims. Gentlemen, I do not believe there can be any injury wrought by this amendment. I think it will have the beneficial effect of making the Treasury Department more careful in assessing additional taxes. I think it will have the effect of making the agents of the Treasury Department, when they go out to examine the books of a business concern, careful to see that any assessment they might levy on the taxpayer can be sustained, and if they are doubtful about any item, they will take it up with the officers of the company or with the business men and iron it out.

It may be urged by some that if this amendment was adopted it would have the effect of working against the taxpayer in that if the Government assessed additional taxes they would be more determined to hold some additional amount of taxes than they would be if they would not be mulcted in costs if they found their returns were wrong. I do not think that would be the case, because this bill provides for an impartial board of tax appeal, and I favor that provision. I think it is one of the best provisions in the bill. If the additional taxes are assessed, both the Government and the taxpayer will have a fair, impartial hearing before this fair and impartial board, and I believe they will pass upon the facts in each case according to the law and justice and will not be biased or influenced either way as to whether the Government would have to pay costs in the case. I do hope you will adopt the amendment.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. GREEN of Iowa. Mr. Chairman, I hope I may have the attention of the committee for just a few minutes, although I realize everyone is so impatient to get on, it is difficult for anyone to get a hearing. I have not only the greatest respect and esteem but an affectionate regard for the gentleman from Georgia. Ordinarily, I am very much inclined to accept his judgment on a matter of this kind, but I hardly think my friend from Georgia has gone to the bottom of this matter or has understood what would be its effect. Its effect would be to greatly increase the appeals and the actions between the Government and the taxpayer because it would be an inducement to every attorney to go to the taxpayer and say, "If you can get any little amount allowed on your claim I can have all your attorneys' fees and all your expenses paid." The gentleman says that it would not be fair to give the Government the same privilege of having its attorneys' fees paid for the reason the Government has a large number of attorneys already in their employ. Let me say to the House that the Government will need a great many more attorneys if this provision goes into effect to take care of the great increase in the number of claims that are made against the Government.

And also let me say that when you come to pay the attorneys' fees that run up into hundreds of thousands of dollars in some cases and would be sustained by the Court of Claims on the testimony of attorneys, that they were reasonable, what does my friend from Georgia think that it would cost the Government? You can be prepared to make an additional appropriation.

Mr. YOUNG. What does the gentleman from Iowa think it would be?

Mr. GREEN of Iowa. Five or ten million dollars.

Mr. CRISP. If the taxpayer made an honest return, and if his return is sustained, and if the Government assessment

of additional taxes is not justified, if justice is to be done the taxpayer, why should not he be entitled to receive his cost?

Mr. GREEN of Iowa. If he has made an honest and just return, I do not think he will have much trouble with it, but this puts a premium on contesting tax assessments. My experience with the department has been, as a Member stated the other day, that when I went down there I was given a fair and respectful hearing, and they were disposed to treat the matter fairly. I admit the field agents sometimes get reckless, but here in Washington they give the taxpayer everything, and sometimes a little more.

Mr. DEAL. Yes; they give it to him after a hearing, but they keep him in jeopardy for a month and sometimes a year.

Mr. CHINDBLOM. Mr. Chairman, the gentleman from Georgia [Mr. CRISP], with his usual fairness and consideration, presented this matter to the Committee on Ways and Means. We considered it very carefully. It is a departure from any practice, of which I have any knowledge, in a matter of review of the acts of administrative government anywhere in the United States. Our courts do not ordinarily allow attorneys' fees or fees of experts or fees of accountants or other expenses against unsuccessful litigants. We have not incorporated that system into our jurisprudence. This will be the first case of this kind in the country so far as I am advised at this moment, and I have made some inquiry and investigation of the subject. Of course, the Government is not allowed any part of its costs or expenses in those proceedings where it is successful.

Mr. HASTINGS. Will the gentleman yield? Is not the Government permitted to assess a penalty against the taxpayer, and does not that take the place of the expenses?

Mr. CHINDBLOM. No; we have taken off the penalty and only charge interest. Where it appears that the man has made a fair and honest return but owing to some mistake by the taxpayer there is an additional assessment put on, we do not charge any penalty, but only charge him interest.

It was said by the gentleman from Georgia that the Government has its force of attorneys and accountants and experts on hand. So have most of the taxpayers. Most of these claims come from large taxpayers; they involve hundreds of thousands of dollars usually. They take their own force of experts; they take their own force of accountants; they take their own lawyers, and the big expense will be in these cases where they have the high-class attorneys. These attorneys and accountants and experts will be paid out of the Public Treasury, not at the rate we pay Government employees but at the rate which they are paid in their private practice.

Mr. CRISP. Not under the bill, because the bill gives the Commissioner of Internal Revenue the right to assess the fees.

Mr. CHINDBLOM. It is subject to review in the Court of Claims and every substantial claimant will go to the Court of Claims and the experts will testify, for instance, that Mr. Jones is the leading attorney in New York City, Mr. Brown is the leading attorney in Chicago, and Mr. Smith is the leading attorney in Pittsburgh, and that their services are worth \$500 a day. The Government will not be able to dispute it because the time of these attorneys is worth \$500 a day in their private practice.

Mr. DEAL. Yes; and the taxpayer has to pay \$500 a day because the Government has placed that burden upon him in addition to his tax.

Mr. CHINDBLOM. The men who are in the employ of these companies constantly will be in the Treasury Department, always seeking a review of taxes. We have taken out the necessity of their paying under protest because all large taxpayers made a protest whenever they paid their taxes, when they sent in their checks, whether they had any case or not. It became a regular custom under the advice of lawyers to make the payment under protest.

Mr. GREEN of Iowa. All through this bill we have written it in favor of the taxpayer to make it easier.

Mr. CHINDBLOM. Now, whatever additional amount is assessed, be it large or small, the taxpayer will be without the benefit of this legislation. Suppose he has paid \$100,000 in taxes and it transpires that he should have paid \$25 more, he will not get the reimbursement for his expenses.

It will be inequitable, however you arrange it. You can not do entire justice all the way through.

Mr. YOUNG. Mr. Chairman, will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. YOUNG. Will not this be establishing a precedent that will eventually mean that in the case of every claim against the Government in every department the claimant will be entitled to costs?

Mr. CHINDBLOM. The next step, the next logical step, is to provide that all litigants in the courts, whether against the

Government or against private parties, can always recover their costs and expenses in a successful litigation.

The question is on the amendment offered by the gentleman from Georgia.

The question was taken; and on a division (demanded by Mr. CRISP) there were—ayes 73, noes 121.

So the amendment was rejected.

The Clerk read as follows:

SEC. 177. No interest shall be allowed on any claim up to the time of the rendition of judgment by the Court of Claims, unless upon a contract expressly stipulating for the payment of interest, except that interest may be allowed in any judgment of any court rendered after the passage of the revenue act of 1921 against the United States for any internal-revenue tax erroneously or illegally assessed or collected, or for any penalty collected without authority or any sum which was excessive or in any manner wrongfully collected, under the internal revenue laws.

Mr. CHINDBLOM. Mr. Chairman, I move to strike out the last word, which happens to be "laws." I want to take only two minutes for a single purpose. In the debate the other day upon the gift tax, which may become a law, it was said by several speakers that some exemption was made in the proposed gift tax which would take bonuses given to employees by their employers out of the gift-tax provisions. I call attention to the fact, for the purpose of the Record, that bonuses given to employees are treated by the revenue department, and I think properly so, as a part of the compensation received by the employees, and they are required to pay taxes on that compensation. These bonuses will not be at all affected by the gift tax.

The Clerk read as follows:

CONSOLIDATION OF LIBERTY BOND TAX EXEMPTIONS.

SEC. 1028. The various acts authorizing the issues of Liberty bonds are amended and supplemented as follows:

(a) On and after January 1, 1921, 4 per cent and 4½ per cent Liberty bonds shall be exempt from graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States upon the income or profits of individuals, partnerships, corporations, or associations, in respect to the interest on aggregate principal amounts thereof as follows:

Until the expiration of two years after the date of the termination of the war between the United States and the German Government, as fixed by proclamation of the President, on \$125,000 aggregate principal amount; and for three years more on \$50,000 aggregate principal amount.

Mr. McKEOWN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McKEOWN: Page 231, line 17, strike out line 17, to and including line 24, and through to line 7 on page 232.

Mr. McKEOWN. Mr. Chairman, I want to ask the chairman why it is necessary to have this language remain in this bill? The purpose of the provision is evidently passed. I can see no reason why we should keep that legislation.

Mr. GREEN of Iowa. My understanding is that it is necessary in order to preserve those provisions.

Mr. McKEOWN. I should not think we would want to go on record here as passing this tax bill containing language putting us in the attitude of still being in favor of tax-exempt securities. I think it ought to go out. I understand that it was in the original law.

Mr. GREEN of Iowa. It was originally passed for five years, and the five years are not yet up.

Mr. McKEOWN. I should think we ought to take that language out of the bill because we do not want to go on record as being in favor of any tax-exempt securities. It has effected its purpose, and it ought to go out.

Mr. GREEN of Iowa. These were provisions made at the time these bonds were issued, and it has been the law for a long time. They will expire in 1926.

Mr. McKEOWN. That is true; and we could not change the contract under which they are issued, but I see no reason why we should continue these provisions in this law, which is a new law and does not affect and could not affect the contract under which the bonds are issued.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. CHINDBLOM. I think I can tell the gentleman why. We have tried to put into this law all of the provisions which relate to these taxes, even though we reenact certain laws, because a lawyer or a judge or even a layman finds it convenient to have all of the law in one place.

Mr. McKEOWN. That is all right. I see the purpose. But here is a bill containing this language, and we have to face constituents who are insisting that we pass no more legislation favoring tax-exempt securities. As a Member of this House, I do not want to be put in the attitude of voting for a bill that carries further provisions with reference to tax-exempt securities when, as a matter of fact, it is not necessary. It is nice and convenient for the lawyers, but I do not want to have some fellow going over the country demagoging, misconstruing the situation, and saying that we were voting for further continuation of tax-exempt securities. I think it would be better legislation to eliminate it now. The reason for the legislation is gone.

Mr. CHINDBLOM. The effect would be to leave this provision in the law, but the gentleman wants to leave it where nobody knows it.

Mr. McKEOWN. Let them know that we are not going on record as voting for a continuation of it. That is the objection that I have to it. There is no reason to reenact the law. If it is already the law, let it go out of this bill. I am not doing this for the purpose of trying to hinder the legislation, and I take opportunity now to commend the members of this committee for the patience that they have exhibited, and especially the chairman. We have had some trouble, but it is all worked out all right. The chairman of the committee has had a lot to bother him, and I want to compliment him upon his fairness to us in extending time. I also compliment the members of the committee on both sides for their patience. I ask the committee now to take this language out of the bill, so that it may not be misconstrued. It is already the language of the law, and there is no necessity for continuing it in this bill. And the same applies to the next section (b). There are exceptions set out in section (b) that are not necessary in this bill. I propose to offer an amendment to strike that out. It is not necessary. Why, in putting out a new law to the country, encumber it with old provisions that are not going to be changed and which will not affect us? I hope the committee will strike this language out. I see no reason why it should be retained. It should be stricken out, and I submit that to the committee.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Oklahoma.

The question was taken, and the amendment was rejected.

Mr. LANKFORD. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Georgia moves to strike out the last word.

Mr. GREEN of Iowa. The gentleman will pardon me; but we can not get through the bill to-day if there is much discussion.

The CHAIRMAN. The gentleman from Georgia is recognized.

Mr. LANKFORD. Mr. Chairman and gentlemen of the committee, at this time I beg to call your attention to an injustice which is about to be done to the farmers of my district and of the tobacco-growing section of the Nation.

The amendment adopted the other day to this bill to increase the tax on cigarettes will militate against the tobacco growers of the country by forcing down the price of raw tobacco as sold by the farmers. The farmers of my section and of the South generally are suffering very much just now on account of the ravages of the boll weevil. Like a drowning man, they are catching at everything which will help to keep them from losing all. One gleam of hope comes to those in a large section of the South where tobacco can be produced. The people of south Georgia and other sections are just beginning to grow tobacco successfully, and I am extremely anxious that nothing be now done to hurt or lower the price of the tobacco of these folks.

People who are vitally interested in the growing of tobacco, and who have studied the question closely, say the increase of tax on cigarettes here proposed will hurt very much the price of the tobacco of the growers.

Gentlemen, let me beg you not to hurt these folks who are now struggling so hard to keep going under adverse circumstances. In order to show how much my people oppose this tax I wish now to read the following telegrams:

BLACKSHEAR, GA., February 27, 1924.

Hon. W. C. LANKFORD, M. C.,

Washington, D. C.:

Believing that any further taxes on the products manufactured from tobacco will react to the injury of the farmer growing tobacco, we urge in the interest of the farmers, warehousemen, banks, and all other interests financing the growth of tobacco that you oppose all such further taxation.

THE BLACKSHEAR TOBACCO BOARD OF TRADE.

NASHVILLE, GA., February 27, 1924.

Hon. W. C. LANKFORD, M. C.,

Washington, D. C.:

Please help us preserve our south Georgia tobacco industry by forceful opposition to proposed increase in cigarette tax to \$4.

THE FIRST BANK OF NASHVILLE.

HAHIRA, GA., February 27, 1924.

Hon. W. C. LANKFORD, M. C.,

Washington, D. C.:

Use your influence and legislate against new proposed tax raise on tobacco.

J. E. MASSEY.

HAHIRA, GA., February 27, 1924.

Hon. W. C. LANKFORD, M. C.,

Washington, D. C.:

Your influence against increase cigarette tax desired. Do all you can to defeat same.

HAHIRA BOARD OF TRADE.

HAHIRA, GA., February 27, 1924.

Hon. W. C. LANKFORD, M. C.,

Washington, D. C.:

Please do all you can to defeat increase cigarette tax.

HAHIRA TOBACCO WAREHOUSE CO.

In response to these telegrams I advised my people by wire as follows:

I opposed amendment increasing tax on cigarettes and will secure separate vote on this item when main bill comes up and hope yet to help secure defeat of increase.

When this separate vote is secured I beg the friends of the farmers here to help us in this our time of need. Let me say that a separate vote will be secured on this item. I will demand a separate vote, unless the Speaker recognizes some other friend of the tobacco growers to make the motion. I will see to it that a separate vote is had and will insist on a record vote being taken. Some say this tax will not hurt the farmers. The tobacco growers say it will hurt them. Let us take no chances. We should resolve the doubt in favor of the farmers if we have any doubt. I, for my part, have no doubt. The tax will hurt my people, and they are not able to suffer any loss at this time. We ought to be appropriating money to help these unfortunate people in the boll-weevil section to get established fully in the growing of tobacco, instead of passing legislation to wreck this new industry.

The farmers always bear more than their share of the burdens of government, and I hope the time will soon come when we can pass tax and other legislation here without piling additional heavy and unnecessary burdens of taxation on backs which are already very much overloaded. This bill is, in part, favorable to the common folks. Let us not now retain a provision which will far overbalance all good in the bill for the farmers. Gentlemen, I wish to plead with you at this time not to increase the present tax on cigarettes. [Applause.]

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

(b) The exemptions provided in subdivision (a) shall be in addition to the exemptions provided in section 7 of the second Liberty bond act, and in addition to the exemption provided in subdivision (3) of section 1 of the supplement to the second Liberty bond act in respect to bonds issued upon conversion of 3½ per cent bonds, but shall be in lieu of the exemptions provided and free from the conditions and limitations imposed in subdivisions (1) and (2) of section 1 of the supplement to the second Liberty bond act and in section 2 of the Victory Liberty loan act.

Mr. McKEOWN. Mr. Chairman, I move to strike out all of paragraph (b) on page 232, commencing with line 8 and concluding with line 18.

The CHAIRMAN. The gentleman from Oklahoma offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. McKEOWN: Page 232, beginning with line 8, strike out all of subsection (b).

Mr. McKEOWN. Mr. Chairman, I insist that that is the same proposition. I do not care whether or not you vote to strike it out because I offer the amendment, but I say you are going to be subjected to severe criticism, and I apprehend it will be misrepresented. This changes the law, and—

Mr. CHINDBLOM. This is part of section 1328 of the revenue act of 1921. You have reenacted paragraph 8. If you strike out paragraph (b), that does change section 1328 of the revenue act of 1921.

Mr. McKEOWN. The gentleman knows we ought not to carry this language further in here with reference to tax-exempt securities. You can not change the law under which they were issued, because that is a solemn contract with the Government. I mean to say that if you issue tax-exempt securities and those securities are put on the market and held as tax-exempt securities, Congress, until it has some power other than is given it now, could not change the contract under which they were bought.

Mr. GREEN of Iowa. The statute in regard to the impairment of contracts does not apply to the United States Government.

Mr. McKEOWN. It would be a very immoral thing for the Government to set a bad example in that way. I do not want to delay the proceedings, but I insist you are putting in language that you will find, if you pass this bill, you would wish you had taken out.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Texas is recognized.

Mr. BLANTON. What is the use in rushing through this bill in such a speedy way when we have plenty of time to-day? It is still early, only a little after 1 o'clock. I think this paragraph ought to stay in the bill if the majority party is consistent.

Mr. WINGO. Let me suggest to my friend that he hurry. They are having conferences over here. They have not decided which one has surrendered, and they are afraid they will back down, and they want to bring it to an issue as soon as possible.

Mr. BLANTON. You Republicans ought to quit camouflaging about tax-exempt securities. As to the \$15,000,000,000 of tax-exempt securities now existing, there is not a Republican leader who would interfere with the situation. They want them to be exempt, and they want the people who own them to escape taxation. We ought to keep this language in here in order that our Republican friends at least in one particular may be consistent.

Mr. GREEN of Iowa. I want the Government of the United States to keep its solemn contract. I do not want to be placed in the position of a repudiator.

Mr. BLANTON. Oh, yes; neither the gentleman nor his party seem to like repudiators. We have heard our friends over there on the Republican side of the aisle insist upon a surtax rate of 25 per cent. There was not going to be any change of front; they were for Mr. Mellon's bill and nothing else. There was to be no repudiation of their position. Yet here we have in the RECORD this morning a statement from the leader of this House [Mr. LONGWORTH] that he is going to ask the Republicans on this side to vote for a surtax rate of 37½ per cent, in the face of his former stick-to-the-death plan for 25 per cent. Is that consistent? Is there any repudiation in that? I ask the gentleman to answer. Is it consistent?

Mr. GREEN of Iowa. I want to say to the gentleman that I have been entirely consistent all the way through.

Mr. BLANTON. Is that keeping his contract with Mr. Mellon?

Mr. GREEN of Iowa. Oh, Mr. Chairman, I shall have to object.

Mr. BLANTON. Oh, I am not out of order. I was answering the gentleman. I am speaking on consistency in keeping this language in the bill, because if you take it out it would make my friend and his party appear inconsistent with respect to tax-exempt securities. As I said before, you Republicans ought to quit this camouflaging and you ought to be fair with the people. If you take a stand, you ought to be fair about it. If I were an insurgent—and I am not—if I were an insurgent and believed in 50 per cent or in 44 per cent as against only 37½ per cent, I would stand hitched until Gabriel blew his trumpet before I would be led away from the path of righteousness. [Applause.]

Mr. CHINDBLOM. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. CHINDBLOM. That is, you will stand hitched until your side holds a caucus?

Mr. BLANTON. I stand hitched always for what I believe is right. My side stands hitched. We Democrats have decided on a policy in the best interest of the whole people of this country and now we have almost pulled you Republican stand-pat regulars up to the Democratic policy. You have come most of the way. There is now very little difference between us. I wish you would see the light of day and hear from the people of the country and then you would raise the 37½ per cent a little and every last one of you would vote for the Garner plan. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. McKEOWN].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Sec. 1100. (a) The following parts of the revenue act of 1921 are repealed, to take effect (except as otherwise provided in this act) upon the enactment of this act, subject to the limitations provided in subdivisions (b) and (c):

Title II, called "Income tax," as of January 1, 1924;

Title IV, called "Estate tax";

Title V, called "Tax on telegraph and telephone messages," except subdivision (d) of section 500, effective on the expiration of 30 days after the enactment of this act;

Sections 602 and 603 of Title VI, being the taxes on certain beverages and constituent parts thereof;

Title VII, called "Tax on cigars, tobacco, and manufactures thereof";

Title VIII, called "Tax on admissions and dues," effective on the expiration of 30 days after the enactment of this act;

Sections 900, 901, 902, 903, and 904 of Title IX, being certain excise taxes;

Section 905 of Title IX, being the tax on jewelry and similar articles, effective on the expiration of 30 days after the enactment of this act;

Title X, called "Special taxes," effective on June 30, 1924;

Title XI, called "Stamp taxes";

Title XII, called "Tax on employment of child labor";

Sections 1307, 1308, 1309, subdivision (c) of section 1310, sections 1311, 1312, 1313, 1314, 1315, 1316, 1318, 1320, 1321, 1322, 1323, 1324, 1325, 1326, 1328, 1329, and 1330, being certain administrative provisions.

Mr. GREEN of Iowa. Mr. Chairman, I offer a perfecting committee amendment.

The CHAIRMAN. The gentleman from Iowa offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. GREEN of Iowa: Page 236, line 6, after the parenthesis and before the semicolon insert "effective on the expiration of 30 days after the enactment of this act."

Mr. GREEN of Iowa. Mr. Chairman, this is made necessary by the previous action of the committee.

The CHAIRMAN. The question is on the committee amendment.

The question was taken, and the amendment was agreed to. Mr. McLAUGHLIN of Michigan. Mr. Chairman, I move to strike out the last word. I do so for the purpose of calling the attention of the committee to erroneous statements carried by several of the newspapers in regard to the proceedings in the Committee of the Whole respecting amendments affecting the automobile tax. I read from the New York Times of this morning:

Through an amendment written by Representative CLANCY, Democrat, of Michigan, and presented by his Republican colleague, Representative McLAUGHLIN, \$23,600,000 was lopped off the automobile taxes.

I read now from the Detroit Free Press of February 27, the latest issue of that paper received in this city. Under the column relating to the work of the House on this tax bill this appears:

Representative McLAUGHLIN, also of Michigan—

The article had been speaking of Mr. CLANCY—

Representative McLAUGHLIN of Michigan gained the floor and presented amendments previously drawn up by CLANCY, but given to the Republican for introduction because of the difficulty Democratic Members have met in gaining recognition on the floor.

A little further along in the same article is a line or two I wish to read:

It had been agreed that McLAUGHLIN, a member of the Ways and Means Committee, should present the amendments.

Mr. Chairman, these newspaper items, as the House knows, relate to two amendments I offered Tuesday to the automobile section of the tax bill, and which were adopted yesterday—Thursday—by the Committee of the Whole practically without opposition.

On page 166 of the bill is section 600, paragraph 1 of which proposed to continue a tax of 3 per cent on the sale price of autotrucks and autowagons. On the same page, paragraph 3 of the section proposed to continue a tax of 5 per cent on tires, accessories, repair parts, and so forth. Under paragraph 1 the

taxes collected last year—1923—amounted to about \$10,500,000, and under paragraph 3 the amount collected was about \$40,000,000.

I have been and still am opposed to the continuance of these taxes. In the Committee on Ways and Means, of which I am a member, I sought but was unable to obtain repeal or reduction of either of these paragraphs; so I determined and notified the committee of my intention to carry the matter to the House, to offer amendments, and endeavor to secure their adoption.

Tuesday I did as I had determined; I offered an amendment to paragraph 1 to exempt from taxation autotrucks and autowagons the chassis of which sells for not more than \$1,000, the effect of which, if it shall become law, will be to reduce taxes on trucks and wagons to the extent of about \$3,600,000.

I also offered an amendment to paragraph 3 to reduce the tax from 5 per cent, the present rate, to 2½ per cent, the effect of which will be to reduce these taxes by about \$20,000,000.

The New York Times story I have just read says that I offered "an amendment written by Mr. CLANCY, Democrat, from Michigan." The Free Press article says I "presented amendments previously prepared by Mr. CLANCY, but given to the Republicans because of the difficulty Democratic Members have of gaining recognition on the floor"; says also, "It had been agreed that McLAUGHLIN, a member of the Ways and Means Committee, should present the amendments."

I did obtain recognition, not on account of any "agreement" but because under the rules and uniform custom of the House I was entitled to be recognized. I explained my amendments and their effect very briefly because there was little, if any, opposition to them, but no vote was had that evening because the committee decided to rise. During the brief and confused discussion the gentleman from Michigan [Mr. CLANCY] said he "had an agreement with Mr. McLAUGHLIN to give him credit for the battle I had carried on for the repeal of these taxes." Mr. Chairman, I never had any agreement or understanding of any nature whatever with the gentleman from Michigan [Mr. CLANCY] or with anyone else in regard to "giving me credit" for these amendments or for anything else I might do in the matter of these automobile taxes. I did not seek recognition by the Chairman for the purpose of offering these amendments as a result of any agreement or understanding. I had a clear, well-understood, undisputed right to be recognized as a member of the Committee on Ways and Means. It was not necessary for me to ask anyone on the Democratic side of the House for permission or preference. The chairman of the Committee on Ways and Means not wishing to offer any amendment, I was clearly indisputably entitled to be recognized.

Nor did the gentleman from Michigan [Mr. CLANCY] or anyone else prepare these amendments for me. I prepared them myself.

In the Committee on Ways and Means I moved to reduce the taxes on accessories, tires, repair parts, and so forth, from 5 per cent to 2½ per cent. In committee I sought also reduction of taxes on trucks and wagons.

Some two weeks later in a speech in the House the gentleman from Michigan [Mr. CLANCY] advocated the reduction I had offered in the committee; that is, reduction from 5 per cent to 2½ per cent; and in the same speech he urged reduction of taxes on trucks and wagons on a basis of their carrying capacity—all below 2 tons capacity.

The gentleman from Michigan kindly offered to assist and did materially assist me in securing data respecting trucks and wagons, and I advised with him as to the amendment I proposed to offer; but I told him I could not accept his theory; that my amendment would not provide for reduction of taxes on a basis of the carrying capacity of the vehicles.

In my interviews with him I told him that it would be necessary for me to insist on an amendment by which the selling price of the chassis would be the basis of such reduction of taxes as ought to be or properly could be made, and I showed him a draft of an amendment I had prepared after conferring with the gentleman from Massachusetts [Mr. TREADWAY] and other Members who were interested as we were in the matter. Mr. CLANCY approved my amendment and kindly said he would support it. The theory of the amendment was mine; its language, form, and substance were mine. It was my amendment that was offered to and adopted by the House.

The gentleman who wrote the newspaper stories I have read was misinformed. I make this explanation because I feel too much responsibility has been placed upon the gentleman from Michigan [Mr. CLANCY], a burden which I ought in all fairness largely to bear myself. He has been very kind and very helpful to me, and he ought to be acquitted and entirely relieved of the charge of having drafted my amendments or of having conceived the idea upon which they are based.

Mr. BLANTON. Mr. Chairman, I rise to a point of order that the gentleman is not in order. Now, the gentleman from Iowa wants to get rid of this bill—

Mr. NEWTON of Minnesota. The gentleman moved to strike out the last word, which is "taxes," and certainly he is talking about taxes.

Mr. BLANTON. But we have a parliamentarian in the chair.

Mr. CRAMTON. Mr. Chairman, I ask unanimous consent that the gentleman from Michigan have the same courtesy that he himself secured for Mr. CLANCY a day or two ago, and that he be permitted to proceed out of order.

Mr. BLANTON. If the gentleman will couple with that the request that Mr. CLANCY follow him for five minutes, that will be all right.

Mr. CRAMTON. Mr. CLANCY had time yesterday at the request of Mr. McLAUGHLIN of Michigan.

The CHAIRMAN. The gentleman from Michigan [Mr. CRAMTON] asks unanimous consent that for the three minutes remaining the gentleman from Michigan [Mr. McLAUGHLIN] may proceed out of order.

Mr. CRAMTON. I ask unanimous consent that he may proceed for five minutes.

Mr. BLANTON. With the understanding that Mr. CLANCY may have five minutes to reply there will be no objection.

Mr. GREEN of Iowa. There will be no such understanding.

Mr. BLANTON. Then I object.

The CHAIRMAN. Objection is made, and the point of order must be sustained.

Mr. GARNER of Texas. Mr. Chairman, I rise in opposition to this amendment for the purpose of making a statement to the committee.

The CHAIRMAN. The amendment is a pro forma amendment. The gentleman from Texas [Mr. GARNER] is recognized.

Mr. GARNER of Texas. Mr. Chairman, I want to call the attention of the committee to what has just happened in the committee. I have no objection to the gentleman from Michigan [Mr. McLAUGHLIN] making a statement to correct the Record and get all the credit he can for the automobile amendments or any other kind of an amendment. If it is necessary that he get credit for something in order to stay in Congress, then let him have credit. I had supposed that the position of the gentleman from Michigan [Mr. CLANCY] and the gentleman from Michigan [Mr. McLAUGHLIN] was sufficiently known—

Mr. CRAMTON. Mr. Chairman, I rise to a point of order, and the point of order is that the gentleman is not speaking to the pending amendment. If permission can not be given to Mr. McLAUGHLIN, it ought not to be given even to the distinguished gentleman from Texas. I make a point of order.

Mr. GARNER of Texas. Sustain the point of order, and I will talk on this amendment.

The CHAIRMAN. The point of order is sustained.

Mr. GARNER of Texas. If you do not mean what you say, that you are going to finish this bill to-day, you are misrepresenting the House, and the gentleman from Iowa and the gentleman from Ohio ought to protect it.

Mr. GREEN of Iowa. If the gentleman will inform me what other methods I can possibly use to get the bill along, I will adopt them.

Mr. GARNER of Texas. I will tell the gentleman how to do it: Do just what the gentleman from Michigan did a moment ago with me and make a point of order against the gentleman from Massachusetts [Mr. TREADWAY] when he was speaking out of order, and make a point of order against the gentleman from Michigan [Mr. HUBSON] when he was speaking out of order, and make a point of order against the gentleman from Michigan [Mr. McLAUGHLIN] when he was speaking out of order.

Mr. GREEN of Iowa. The result would not have been to save time, I will say to the gentleman.

The CHAIRMAN. This is out of order, gentlemen. The Chair has already sustained the point of order. Without objection, the pro forma amendment is withdrawn, and the Clerk will read.

The Clerk read as follows:

TRAVELING EXPENSES.

SEC. 1101. All officers and employees of the Bureau of Internal Revenue in addition to their compensation shall receive their necessary traveling expenses and actual expenses incurred for subsistence while traveling on duty and away from their designated stations, in an amount not to exceed \$7 per day.

Mr. BLANTON. Mr. Chairman, I offer an amendment. On page 237, line 18, strike out "\$7" and insert in lieu thereof "\$5."

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 237, line 18, strike out the figure "7" and insert in lieu thereof the figure "5."

Mr. BLANTON. Mr. Chairman, we have numerous departments of the Government where there is occasion for their employees to travel in the interest of Government business. The gentleman from Iowa knows, and every member of the Committee on Appropriations knows, that in most of these bills the compensation allowed for subsistence when traveling is fixed at \$4 and, in a few cases, at \$5 per day.

Mr. HASTINGS. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. HASTINGS. If my recollection is correct, in some of the other appropriation bills we have been considering the amount has been fixed at \$4, and I was wondering why the gentleman from Texas would not change his amendment so that it would be uniform and insert \$4 instead of \$5.

Mr. BLANTON. I will state to my friend from Oklahoma that I wanted to be consistent. In the majority of instances, in most of the appropriation bills, the maximum is fixed at \$4, but there have been two or three bills wherein the gentleman from New York [Mr. SNYDER] and others have helped to raise it to \$5 and I wanted to be as fair with this department as we have been with any of the other departments, hence I put in \$5 in lieu of the \$7.

Mr. CRAMTON. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. CRAMTON. What department permits more than \$4? To what department is more than \$4 permitted in continental United States? I do not know of any.

Mr. BLANTON. There are one or two instances; for instance, certain employees traveling in Alaska.

Mr. CRAMTON. Oh, that is different. There is no case in any department in continental United States where over \$4 is permitted.

Mr. BLANTON. Is the gentleman going to offer an amendment to change \$5 to \$4? If he does, I will support it.

Mr. CRAMTON. I will be glad to support the gentleman.

Mr. BLANTON. The reason I did not fix it at \$4 was that I did not think amending it to \$4 had any chance on earth to pass. I fixed it at \$5 hoping it would pass and believing that our Republican friends over there on this other side of the aisle would not have the face to allow from several hundred to possibly a thousand or more employees, who could be employed under this bureau, to go out traveling over the United States with more than \$5 a day allowed them for expenses in addition to their salaries and transportation.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. LAGUARDIA. Does not the gentleman believe that some latitude should be given to cover actual expenses when an employee is sent to a center where living is expensive?

Mr. BLANTON. Does the gentleman know how many employees are employed in this bureau?

Mr. LAGUARDIA. I know there are too many traveling.

Mr. BLANTON. There are a horde of them traveling all over the United States every day, and you are fixing in this bill to give them \$7 a day for subsistence in addition to their transportation and salaries, and it is too much. I have offered an amendment to cut it down from \$7 to \$5, which is \$1 more than the employees of practically every other department receive now for subsistence when away on business. I presume my amendment will be voted down, as this committee seems to have no concern whatever about waste and extravagance. I wanted to raise the question here and place the responsibility on you Republicans, where it justly belongs, in case it is left in this bill.

Mr. SCHAFER. Will the gentleman yield?

Mr. BLANTON. I yield to the distinguished gentleman.

Mr. SCHAFER. Do you think you can travel around this country for \$5 a day expenses?

Mr. BLANTON. This \$5 is in addition to transportation expenses and salary. If I were allowed \$5 for subsistence, I would travel on \$5, I will say to my friend. I have traveled many times on less than \$5 a day for subsistence, and I could do it again, I believe.

Mr. LAGUARDIA. In Texas?

Mr. BLANTON. In many places over the United States. You do not have to put up at the Waldorf-Astoria as a Government employee. It is no disgrace to put up at a lower-priced hotel.

Mr. LAGUARDIA. Will the gentleman mention one?

Mr. BLANTON. There are many respectable hotels where you can get rooms now for \$2.50 a day, even with baths, and

they are fairly good hotels. You do not have to put up at such hotels as the Willard or the Raleigh or the Washington or the Hamilton. You can choose a more modest hotel. I know of Congressmen who choose them here in the city. You have too big an idea about this matter of furnishing expenses to officials and employees when the money comes out of the Public Treasury.

What are you going to do about this increase? You are setting a dangerous precedent. You limit the other employees of other departments to \$4. Why are you going to allow \$7 to these particular employees? What is there about this particular bureau that you should change the system and policy of this Government and pay them \$7 for subsistence when you pay others only \$4? Are these employees a little more high-toned, so that they have got to have an extra \$3 a day more? Are they members of certain high social societies that they must be paid an extra \$3 per day more? Why do you not leave them on the same plane that we have left employees of every other department of this Government? I say that you ought to change this from \$7 to \$5. It is up to the chairman of the committee to change it, and the responsibility will be on his party if he lets this go through. His party leaders are here with him, and he and they can change it if they want to do it. I can not change it, but he can, and if he lets it stay in this bill he and the Republican Party are responsible and nobody else.

The CHAIRMAN. The time of the gentleman has expired. The question is on the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 58, noes 106.

So the amendment was rejected.

The Clerk read as follows:

EFFECTIVE DATE OF ACT.

SEC. 1103. Except as otherwise provided, this act shall take effect upon its enactment.

Mr. CRISP. Mr. Chairman, I move to strike out the last word. The next section is all one integral piece of legislation. It is my purpose to move to strike out the entire title. In the interest of expediting the bill I would suggest that it all be read at one time and have the whole matter before the House subject to amendment.

Mr. GREEN of Iowa. I think it would be well to do that.

Mr. TILSON. The gentleman means the entire title?

Mr. CRISP. I mean the entire title. Then, Mr. Chairman, I ask unanimous consent that the entire Title XII be read and the whole matter be open for amendment.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that Title XII be read in its entirety by the Clerk subject to any amendment that may be proper to any paragraph therein. Is there objection? [After a pause.] The Chair hears none, and the Clerk will read Title XII.

The Clerk read as follows:

TITLE XII.—REDUCTION OF INCOME TAX PAYABLE IN 1924.

SEC. 1200. (a) Any taxpayer making return for the calendar year 1923 of the taxes imposed by Parts I and II of Title II of the revenue act of 1921 shall be entitled to an allowance by credit or refund of 25 per cent of the amount shown as the tax upon his return.

(b) If the amount shown as the tax upon the return has been paid in full on or before the time of the enactment of this act, the amount of the allowance provided in subdivision (a) shall be credited or refunded as provided in section 281 of this act.

(c) If the taxpayer has elected to pay the tax in installments and, at the time of the enactment of this act, the date prescribed for the payment of the last installment has not yet arrived, the amount of the allowance provided in subdivision (a) shall be prorated to the four installments. The amount so prorated to any installment, the date for payment of which has not arrived, shall be applied in reduction of such installment. The amount so prorated to any installment, the date for payment of which has arrived, shall be credited against the installment next falling due after the enactment of this act.

(d) If the taxpayer has been granted an extension of time for payment of the tax or any installment thereof to a date subsequent to the enactment of this act, the amount of the allowance provided in subdivision (a) shall be applied in reduction of the amount of tax shown upon the return, or, if the tax is to be paid in installments, shall be prorated to the four installments. The amount so prorated to any installment, the date for payment of which has not arrived, shall be applied in reduction thereof. The amount so prorated to any installment, the date for payment of which has arrived, shall be credited against the installment next falling due after the enactment of this act.

(e) Where the taxpayer at the time of the enactment of this act has not paid in full that part of the amount shown as the tax upon the return which should have been paid on or before the time of the enactment of this act, then 25 per cent of any amount already paid shall be applied in reduction of the amount unpaid (such unpaid amount being first reduced by 25 per cent thereof) and any excess shall be credited or refunded as provided in section 281 of this act.

(f) If the correct amount of the tax is determined to be in excess of the amount shown as the tax upon the return, and a deficiency has been assessed before the enactment of this act, then 25 per cent of any amount of such deficiency which has been paid shall be applied in reduction of the amount unpaid (such unpaid amount being first reduced by 25 per cent thereof) and any excess shall be credited or refunded as provided in section 281 of this act. Any deficiency assessed after the enactment of this act shall be reduced by 25 per cent of the amount which would have been assessed as a deficiency if this title had not been enacted.

(g) The allowance provided in subdivision (a) shall be deducted from the tax or deficiency for the purpose of determining the amount on which any interest, penalties, or additions to the tax shall be based.

SEC. 1202. Any taxpayer who has made return of the taxes imposed by Parts I and II of Title II of the revenue act of 1921, for a period of less than a year and beginning and ending within the calendar year 1923, shall be entitled to an allowance by credit or refund of 25 per cent of the amount shown as the tax upon his return. If the correct amount of the tax for such period is determined to be in excess of the amount shown as the tax upon the return, the taxpayer shall be entitled to the benefits of subdivision (f) of section 1200 of this act.

SEC. 1203. The allowance provided in sections 1201 and 1202 shall, under rules and regulations prescribed by the commissioner with the approval of the Secretary, be made in a similar manner to that provided in section 1200.

SEC. 1204. The interest provided in section 1019 of this act shall not be allowed in respect of the allowance provided for in this title.

SEC. 1205. The benefits of the allowance provided for in this title shall be granted to the taxpayer under rules and regulations prescribed by the commissioner with the approval of the Secretary.

SEC. 1206. Terms defined in the revenue act of 1921 shall, when used in this title, have the meaning assigned to such terms in that act.

Mr. GREEN of Iowa. Mr. Chairman, I would like to see if we can not agree on the time for debate on this title. How many gentlemen want to speak on that side?

Mr. CRISP. So far as I know there are only two. I want to move to strike out the title and would like five minutes, and the gentleman from New York [Mr. O'CONNOR] has a perfecting amendment and he would like five minutes.

Mr. DENISON. I want five minutes.

Mr. GREEN of Iowa. Mr. Chairman, I ask unanimous consent that all debate on this title and all amendments thereto close in 30 minutes. I think the time of recognition should be left to the Chair.

Mr. CRISP. That will be satisfactory to me.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that all debate on Title XII and amendments thereto close in 30 minutes. Is there objection?

Mr. DENISON. Reserving the right to object, is it understood that I shall have five minutes?

The CHAIRMAN. The Chair can not make any promises to recognize gentlemen. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. CRISP. Mr. Chairman, I move to strike out the entire Title XII.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Beginning on page 238, line 4, strike out all of Title XII.

Mr. O'CONNOR of New York. Mr. Chairman, I have sent to the desk a perfecting amendment.

The CHAIRMAN. That will have priority of vote, but the gentleman from Georgia has priority of recognition.

Mr. CRISP. Gentlemen of the committee, the title just read proposes to give retroactive benefit of 25 per cent tax reduction to income-tax payers for the calendar year of 1923. The amount involved in it is about \$223,000,000. This House is in favor of adjusted compensation for the soldiers, and whenever that proposition is made you hear the objection that you have no money to pay it. Here is a proposition that proposes to give a cash bonus amounting to \$223,000,000 to the business men, the income-tax payers, for the year 1923. Now, why do I say it is a cash bonus? We all know that the business men pass on the greater part of their taxes in overhead charges to the consumers. My distinguished friend from New York [Mr. SNYDER]—and I have high regard for him—who is a sensible, prosperous, and successful business man, said on the floor of

this House that he in his business passed on 90 per cent of the taxes to his consumers. The President in New York the other day in a speech gave an illustration of the farmer buying a pair of shoes, and said that the farmer paid all of the taxes that were passed on to him. The Secretary of the Treasury in all the arguments for 25 per cent surtax said that the consumer pays the tax.

There is no provision in the bill to remit to the consumer who purchased the goods from the business men in the calendar year of 1923 the excess price they paid the business men on account of income taxes for the goods that they bought in 1923. It is a pure proposition to remit to the taxpayers of this country the taxes they have already collected out of the public and allow them to retain this additional profit in their treasury amounting to \$223,000,000. And yet you say you have not funds to grant adjusted compensation to the soldiers of this country who saved the Nation. Gentlemen, I do not believe you will do it.

Several years ago a proposition came into this Congress to make retroactive the excess-profit taxes. The able and distinguished gentleman from Illinois, who has gone to his reward, Mr. Mann, jumped on it as unjustifiable and indefensible to remit to these people the bonus money they had already collected out of the consuming public. This is identically that proposition.

This proposition was not in the original Mellon bill. Our distinguished friend, the chairman of the Committee on Ways and Means, says that he is the father of this. It simply proposes to give to the business men, the men who are best able to pay taxes, \$223,000,000, and I do not believe you will do it. [Applause.]

Mr. O'CONNOR of New York. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR of New York: Page 238, line 10, after the word "return," strike out the period and insert a colon and the following: "Provided, however, That such allowance by credit or refund to any taxpayer shall not exceed a total of \$400."

Mr. O'CONNOR of New York. Mr. Chairman, my amendment is a compromise between the bill and the amendment offered by the gentleman from Georgia [Mr. CRISP]. I have taken the figure of \$400 somewhat arbitrarily. It represents the ultimate amount that any taxpayer with an income up to \$20,000 would get under a 25 per cent reduction. Under the present tax rates, anybody with an income up to \$20,000 has to pay a tax not exceeding \$2,000, and a refund of \$400 would cover everybody who has an income of \$20,000 or less, which is the same figure put in the bill as the maximum of the earned income. Beyond that, no matter what the income of the taxpayer might be, he would be limited to \$400 in the return, so that by this the 6,600,000 taxpayers would be taken care of as against 53,000 who would not benefit, as they do under the proposed law.

Mr. CHINDBLOM. Mr. Chairman, the difficulty with the gentleman's figure is that there are only three and a half million, approximately, who pay taxes, while there are some 7,000,000 returns filed.

Mr. O'CONNOR of New York. Very well. The same proportion holds. This provision of mine would return to these people, who directly pay the taxes, 25 per cent reduction. On the authority of Secretary Mellon and the authority of President Coolidge you should not return to withholding agents, and that is practically what the high taxpayers are. They were withholding agents who collected the taxes from the people who dealt with them. It is now proposed to return and let them keep 25 per cent of the taxes, whereas if you adopt my amendment—and I have offered it in the utmost sincerity, having discussed it with many Members, and having given some study to it—those people who out of their earned income actually paid the money out of their own pockets would get the 25 per cent reduction up to incomes of \$20,000, and it would limit all of the other taxpayers to only \$400 refund. I believe my amendment is a fair compromise between the provisions of the bill and the amendment offered by the gentleman from Georgia [Mr. CRISP]. [Applause.]

Mr. DENISON. Mr. Chairman, I rise in opposition to the amendment of the gentleman from New York [Mr. O'CONNOR]. I am opposed to his amendment because it will accomplish nothing. I favor the amendment offered by the gentleman from Georgia [Mr. CRISP]. I had intended to offer that amendment myself; but as he is a member of the committee, he was entitled to first recognition. I do not think this title has any proper place in the bill. I can think of only one reason for it, and that is political. There are two good reasons against it. The gentleman from Georgia gave them perhaps better than I can.

The gentleman from Ohio [Mr. BURTON] on the second day of the debate, I believe, quoted from a number of authorities, political economists, specialists on the subject of taxation, all of whom said that all taxes, and especially all income taxes, are passed on to the consumers. Every expert in this House who has spoken during this debate, without any exception, has asserted the same principle—that taxes are passed on to the consumer—and I think we may as well accept that as a settled proposition. Those who are to pay income taxes for this year have already adjusted their businesses upon the basis of the present tax rates. They have anticipated that they would have to pay their income taxes under existing rates, and they have collected the taxes as far as they could from the consumers. The only ones I know of to whom this would not apply are those who have to pay an income tax on their salaries.

Mr. DAVIS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. DENISON. I have not the time. I do not think we ought to now make a present to those who are to pay these taxes of this \$332,000,000, instead of \$326,000,000, as stated by the gentleman from Georgia. I think we ought to go ahead and collect this year's taxes and hold the money in the Treasury, because the people who really have to pay it have already paid it, and the Government ought to keep it. [Applause.]

I want to speak briefly of the other reason why I do not think this provision ought to remain in the bill. The time has come when we have to settle this question of adjusted compensation for the ex-service men. Congress can not avoid that question any longer, and we can not pass adjusted-compensation legislation without having some cash with which to pay it. We are here talking about the proposition of returning back to the business men of the country \$332,000,000 which they have already collected from the consumers instead of retaining it in the Treasury and having it available to meet a part of the first cash that will be required if we pass the adjusted compensation law. In that connection, I take this opportunity, with the indulgence of the House, to say that there is not any doubt in my judgment, but that this Congress is going to pass an adjusted compensation bill. It is going to do it just as certain as day follows night, and it will be done within the next two weeks. It will be passed by this House by an overwhelming majority. [Applause.] It is also going to pass the Senate by an overwhelming majority and it will be sent to the President. I do not think he will veto it. The President has not said that he would veto a bill of that kind. I do not think he will. I think it will become a law with his approval. But if he should veto it, it will come back to this House and more than two-thirds of this House are going to vote to pass it over his veto. [Applause.]

I think the same thing will happen in the Senate, and then we are going to have to raise the money to pay it. Here is an opportunity to meet that problem at least in part. Why not let us do it? Let us not resort to this provision in the bill to play a little politics. It is, of course, a nice thing to hand this money back to the income-tax payers. I will get some of it myself if this provision of the bill is not stricken out; and I am one of those few who can not pass it on to others, because I am working for a salary. The income tax that I pay comes out of the salary that I get as a Member of Congress. It is a very nice thing to hand \$332,000,000 back to the business interests. Of course, they would all like to have it, but there is no justification for it. They have all adjusted their business to the present tax law, and they have already collected the money with which to pay the taxes. [Applause.]

Mr. Chairman, my position with reference to adjusted-compensation legislation is well known in this House, and my attitude toward the ex-service men is just as well known. The committee of which I am a member reported every law that has been passed by Congress for the benefit of the ex-service men while they were in the service and for their benefit and the benefit of their families and dependents since they left the service; and I have supported every one of these measures. I voted for the adjusted compensation bill in the Sixty-seventh Congress. I was one of the first Members that spoke for it in this Chamber. I voted to pass it over the President's veto.

In Illinois we passed a State bonus law that has cost us \$50,000,000. I spoke and voted for that measure. I have repeatedly stated on public occasions that I am still in favor of the enactment of an adjusted compensation law by the Federal Government and that I believe it should be passed as soon as possible.

Our Government has gone too far in adjusting losses that have resulted from the late war to now refuse to adjust as far as possible the meager compensation that was paid to those who went to the front. We have adjusted the losses sustained

by the railroads to the extent of over a billion dollars. We have adjusted the losses sustained by industrial concerns who had contracts or entered upon extensive enterprises in contemplation of the demands of the Government as a result of the war. The ex-service men feel that we should adjust their compensation, and I think they are right. I am going to vote for an adjusted compensation bill when it is presented, and will vote to pass it over the veto if it should be vetoed.

Notwithstanding my record, which has been consistently favorable to the interests of the ex-service men, and although my attitude ought to have been well known, some persons for political reasons have recently spread the report in my district that my attitude toward adjusted compensation was uncertain. They have even told that I voted against the adjusted compensation bill in the last Congress, and as a result of these untrue reports I have received a number of telegrams and letters from the ex-service men of my district. This, I presume, is an injustice which many of you have had to contend with and which all who are in public office must some time suffer. I shall ignore it, for I know that within a very short time my record here will convince my constituents better than anything I could say of my continued interest in the welfare of the ex-service men of the country.

And now we have an opportunity to save \$332,000,000 for the Treasury with which to meet the first cash payments that may be required under the adjusted compensation law, if one is enacted. If we leave this provision in the bill, it will amount practically to the Government handing over to the income-tax payers a bonus of that amount, because, as I have said, they have already collected it from the others so far as they could do so. I do not think we ought to do that. We are doing a splendid thing for the income-tax payers of the country by the radical reductions in the income-tax rates in other provisions of the bill. That will not only be a good thing for them but for the entire country. Let us strike out this provision of the bill and collect this money and get ready to settle, as far as we can, our obligation to the ex-service men.

Mr. GREEN of Iowa. Mr. Chairman, I hope that nothing that I say will be construed in any way as a reflection upon my distinguished friend from Georgia [Mr. CRISP]. Yet I can not but remark on the extraordinary change of front of gentlemen on the other side who have all along been contending that the income taxes could not be passed on and who now say that they are passed on, and that, therefore, they do not want a reduction made in the taxes to be paid this year. Members, of course, understand that this provision does not apply to corporation taxes but merely to the personal income taxes and these taxes can not be passed on.

There are not more than two or three men on the side of the gentleman from Georgia that believe in that doctrine. Every man in this House knows that I have never believed in it, and I have contended against it before.

The gentleman from Illinois [Mr. DENISON] said that the distinguished gentleman from Ohio [Mr. BURTON] cited authorities showing that the personal income tax is passed on. I read the speech of the gentleman from Ohio with great care. The opinions which he cited were taken from works written before the income tax was instituted. They did not contain the slightest reference to income taxes.

In this day I do not know of an economist of any standing who claims that personal income taxes are passed on. Anyone who advanced such theories in England would be ridiculed. Indeed, it is perfectly evident that if personal income taxes are passed on to the final consumer the income tax ought to be taken off and instead of the complicated system of income taxes under which taxes are so often evaded we should have a sales tax. There is no escape from the logic of this position. Some two years ago a campaign was instituted all over the country, and since followed up by page advertisements, costing enormous amounts totaling altogether many millions of dollars, in an attempt to make the public believe that these taxes were passed on to the final consumer. As a result, many have come to believe in this doctrine and repeat it in good faith. There is no question but that the ultimate object and purpose of those who have been carrying on this propaganda is to do away with the income tax entirely and substitute consumption taxes instead.

The technical features of this matter may not be fully understood, but it should be apparent to everyone that if these taxes were passed on to the final consumer those who are now paying them would not be spending so much money and making such a tremendous effort as has recently been done in flooding the country with propaganda.

Prof. Thomas S. Adams, professor of economics at Yale University, has been quoted as a high authority on taxation by the

gentleman from New York [Mr. MILLS]. On this question he says:

Taxes on profits do not shift to consumers. Most economists hold that income and profit taxes are shifted only in part, and economic theory leads to the conclusion, I think, that income taxes, particularly taxes on differential net income or excess profits, are unusually difficult to pass along. (Needed Tax Reform, p. 21.)

The repeated charge that business men figure income taxes as part of their cost and then charge the customary percentage of profit on the increased cost basis is next to absurd. If it were true, it would only be necessary for Congress to increase the income and excess profits taxes in order to increase business profits. Taxes were responsible only in minor degree for the high cost of living. The cost of living went up before tax rates were increased, it stayed up when tax rates were reduced, and it will come down in the future whether tax rates be increased or reduced. (Quarterly Journal of Economics, August, 1921, p. 550.)

The National Industrial Conference Board, as a result of an investigation made by its staff economic counsel, and careful research, reported:

If the tax on net profits is a general one, sound economic thinking must inevitably lead to the conclusion that the tax can hardly be shifted. Net profits constitute a surplus of price over costs, and since the net profits tax reaches this surplus, it is manifest that the tax can not affect costs. The producer almost invariably bears the burden of the tax under ordinary conditions.

The Government has for several years been refunding hundreds of millions in taxes erroneously collected. If they have already been passed on to the consumer, these refunds ought not to be made. In this particular case the Government has not collected the money, and the passage of this bill settles that if collected it will be refunded.

If such taxes can be passed on, every certified accountant who ever made up an account for a corporation has made up his account wrongly, because he never took into consideration the income taxes of gentlemen who owned stock in that corporation, nor would he, if he were making up the balance sheet of a partnership, do anything different. No balance sheet of any business is ever made up so as to include individual income taxes.

Something has been said in this connection about the soldiers' adjusted compensation. There is no man on this floor that is more loyal to the principle of adjusted compensation than I am. [Applause.] Every Member of this House knows that I was chairman of the subcommittee that wrote the former bill. I assisted in every way possible in putting it through the House and passing over the President's veto. I made a speech in favor of it in which I made my position clear, and I now stand where I always stood upon it. But the adoption of this provision will not affect the soldiers' adjusted compensation in the least. It is believed that this bill will take out of the Treasury \$232,000,000. After all is taken out including the amount of excise taxes repealed there will still remain under any calculation more than \$100,000,000 surplus for this calendar year. Let me say to gentlemen on this side and gentlemen on the other side that I have in my possession a letter from the Secretary of War telling us that when the Adjusted Compensation Act is passed it could not possibly be put in effect until nine months thereafter. You will therefore have \$100,000,000 surplus on hand at the end of this calendar year to start the bonus. It will be more than anything we will authorize for the next year on account of the bonus. You will have on hand in the Treasury enough money to pay the first year of adjusted compensation. If you do not have it after that, it will depend on the form of this revenue bill, after it is passed by the Senate and agreed to in conference and ratified finally by both House and Senate.

Mr. HASTINGS. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. HASTINGS. It has been repeatedly stated on that side of the House that if this bill passes there will be a deficit of from \$300,000,000 to \$600,000,000.

Mr. GREEN of Iowa. I am not responsible for that statement.

Mr. HASTINGS. You do not agree to that?

Mr. GREEN of Iowa. I agree that it will produce a deficit as it now stands, but I expect to see the bill amended so that it will not before it finally passes this House. In any event it does not affect that question in the least. The gentleman is talking about a matter that the provision under discussion does not affect, and which does not affect this provision; that is, taxes to be paid in 1925 and thereafter. We are talking now about the taxes that are to be paid this year. There is not any reason in the world why they should not be taken off.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. CHINDELOM. I do not want to object, but would there be any time left?

The CHAIRMAN. The situation is this, gentlemen: There has now been used 17 minutes. Thirteen minutes remain. There are two preferential motions to be voted on and another one that is still pending. With the debate on that, it will take the entire 13 minutes, so that if there is an extension of time the limit should be extended. Is there objection to the request of the gentleman from Iowa?

Mr. STENGLE. Reserving the right to object, Mr. Chairman, if the gentleman will not object to answering a few questions as he goes on, I shall not object.

Mr. GREEN of Iowa. I will accommodate the gentleman.

Mr. CLARKE of New York. I object.

The CHAIRMAN. Objection is made. The question is on agreeing to the perfecting amendment offered by the gentleman from New York [Mr. O'CONNOR].

The question was taken; and the chairman announced that the noes seemed to have it.

Mr. O'CONNOR of New York. Mr. Chairman, I ask for a division.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 102, noes 153. So the amendment was rejected.

Mr. SIMMONS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Nebraska offers a perfecting amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SIMMONS: Page 238, line 7, after the word "by," strike out "Part I" and insert "Sec. 210, Part II."

Mr. SIMMONS. Mr. Chairman and gentlemen of the committee, I think I can state this amendment very briefly. The gentleman from Georgia [Mr. CRISP] has proposed an amendment that strikes out this entire title on the ground that these taxes have already been passed on to the consuming public and that this is a bonus given to the big taxpayer. The payer of a tax on a small income who pays a normal tax, in my judgment, has not been able and is not able to pass on that tax to anyone else. He pays it. The amendment which I offer will limit the provisions of this title to the normal tax only, giving 25 per cent reduction to those who pay the normal tax. It will leave the surtaxes as they are now, so that the argument of the gentleman from Georgia will apply to the amendment that I am offering. By this amendment we will be able to give this 25 per cent reduction to the taxpayer who pays the normal income tax, a tax which he is not able to pass on, and a reduction to which he is entitled.

Mr. CHINDELOM. Mr. Chairman—

The CHAIRMAN. The gentleman from Illinois is recognized.

Mr. CHINDELOM. Mr. Chairman, I will detain the committee only a couple of minutes to make a brief observation. Historically it is not true that the 1923 taxes have been passed on or could have been passed on by the taxpayer. These taxes will be assessed and determined according to the act of 1921. That act was passed on November 23, 1921, and went back in its operation to January 1, 1921. So that under that act the 1921 taxes, paid in 1922, could not have been passed on prior to the passage of the act.

The act of 1918 was passed on February 4, 1919, and was made effective January 1, 1918. The act of 1917 was passed on October 3, 1917, and was made effective on January 1, 1917. The act of 1916 was passed on September 8, 1916, and was made effective on January 1, 1916; and the first act, which carried a very small income tax, was passed in October, 1913, and went back in its operation and in the determination of income to March 1, 1913. Therefore, from the very beginning it has not been historically true, and it is not true as a fact, that the taxes paid in a particular year were passed on during the preceding year for which the taxes are being paid.

Mr. LONGWORTH. Mr. Chairman, in a very few moments this bill will come to its voting stage in the House, and in just a word I want to explain the parliamentary situation.

The bill having been reported to the House, the gentleman from Iowa [Mr. GREEN] will move the previous question on such amendments as were adopted in committee up to, but not including, the Garner amendment. If the previous question be voted—and I think no one will object to it—those amendments will be disposed of. Thereupon the question comes on the amendment of the gentleman from Texas [Mr. GARNER]. I am not advised as to whether the gentleman from Texas proposes to move the previous question or not. If he should, it would be very vital for those who desire to vote for some substitute for the Garner rate to vote down the previous question. If, how-

ever, the gentleman from Texas does not move it, or some other gentleman on that side, then the Garner rates will be open to amendment.

As I understand it, the gentleman from Oregon [Mr. HAWLEY] will offer as a substitute for the Garner rate the rate as substantially contained in the bill reported by the committee, the maximum rate of 25 per cent. This will give an opportunity for the gentlemen who desire to be recorded in favor of the 25 per cent surtax to so record themselves. In the event of the defeat of the amendment of the gentleman from Oregon—which seems likely—I shall then offer the amendment which was yesterday printed in the CONGRESSIONAL RECORD. The issue then will be between the rates as proposed by the gentleman from Texas and the rates proposed by this substitute.

Mr. GARNER of Texas. Will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. GARNER of Texas. Before we take that vote or go into the House, would the gentleman mind giving us whatever information he has had from the White House as to the President's opinion of the compromise plan?

Mr. LONGWORTH. I would have no objection whatever to telling the gentleman that I have received no intimation whatever.

Mr. GARNER of Texas. Has the gentleman talked to the White House about the letter that the President proposed to write to the gentleman from Iowa or the gentleman from Ohio?

Mr. LONGWORTH. I have not, because I have no knowledge of any such letter. [Applause.]

The CHAIRMAN. The question is now on the amendment offered by the gentleman from Nebraska [Mr. SIMMONS].

The question was taken; and on a division (demanded by Mr. SIMMONS) there were—ayes 120, noes 140.

So the amendment was rejected.

The CHAIRMAN. Are there any other perfecting amendments to be offered? [Cries of "Vote!" "Vote!"] The question is now on the amendment offered by the gentleman from Georgia [Mr. CRISP].

The question was taken; and the Chair being in doubt, the committee divided, and there were—ayes 145, noes 150.

Mr. CRISP. Mr. Chairman, I ask for tellers.

Tellers were ordered; and the Chairman appointed as tellers Mr. GREEN of Iowa and Mr. CRISP.

The committee again divided; and the tellers reported—ayes 145, noes 181.

So the amendment was rejected.

Mr. GREEN of Iowa. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GRAHAM of Illinois, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 6715) to reduce and equalize taxation, to provide revenue, and for other purposes, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. GREEN of Iowa. Mr. Speaker, I move the previous question on all amendments to the bill H. R. 6715, the revenue bill, up to and including line 17 on page 29.

The SPEAKER. The gentleman from Iowa makes a motion, which the Clerk will report.

The Clerk read as follows:

Mr. GREEN of Iowa moves the previous question on all amendments up to and including line 17 on page 29.

Mr. BLANTON. Mr. Speaker, just to get the ruling of the Chair, I make the point of order that it is improper to separate a motion for the previous question.

The SPEAKER. The Chair overrules the point of order. The question is now on the motion of the gentleman from Iowa.

The motion was agreed to, and the previous question was ordered.

The SPEAKER. Is a separate vote demanded on any of the first amendments?

Mr. MONTAGUE. Mr. Speaker, I ask a separate vote on amendment No. 31, page 152, relating to the tax on cigarettes.

The SPEAKER. That is not one of the amendments. These are only the first six amendments. Is there a separate vote demanded on any of these amendments?

Mr. TREADWAY. Mr. Speaker, I ask for a separate vote on page 26, line 9, the Garner amendment to the committee amend-

ment which removes stock dividends from the term "capital assets."

The SPEAKER. The gentleman from Massachusetts asks a separate vote on the amendment referred to. Is a separate vote demanded on any other of these amendments?

Mr. TREADWAY. Also, Mr. Speaker, on page 28, at the end of the line, an amendment offered by the gentleman from Texas [Mr. GARNER] with reference to earned income.

The SPEAKER. Is there a separate vote demanded on any other amendment?

Mr. BEGG. Mr. Speaker, I want to make an inquiry. I want to ask for separate votes on amendments 5 and 6 on page 21, and I can not tell whether they are covered by the previous question or not.

The SPEAKER. Yes; they were included.

Mr. BEGG. Then I ask for a separate vote on those.

The SPEAKER. Is there a separate vote demanded on any of the other amendments? If not, the Chair will put them en bloc. The question is on agreeing to the other amendments.

The question was taken, and the other amendments were agreed to.

The SPEAKER. The Clerk will report the first amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment No. 4: Page 26, line 9, after the word "property," strike out the remainder of the line and insert in lieu thereof the following:

Mr. GREEN of Iowa. Mr. Speaker, that was a committee amendment. That is not the one they wanted the vote on.

Mr. TREADWAY. It is the amendment following the committee amendment.

The SPEAKER. The Chair is informed that the amendment to which the gentleman refers was an amendment to the committee amendment, and of course no separate vote can be had on that.

Mr. CHINDBLOM. It was an amendment following the committee amendment, as I recall it.

The SPEAKER. The Chair is informed it was in addition to the amendment. The Clerk will report it.

The Clerk read as follows:

Page 26, amendment by Mr. GARNER of Texas to the committee amendment—

The SPEAKER. If it is an amendment to the committee amendment, no separate vote can be had on it.

Mr. TREADWAY. Then I withdraw the request on that amendment.

The SPEAKER. The gentleman withdraws the request, and the Clerk will report the next amendment.

Mr. SANDERS of Indiana. Mr. Speaker, a parliamentary inquiry. Since the other amendments were voted on en gross and this amendment as amended has not been adopted, should it not be voted on?

The SPEAKER. Yes; the Chair thinks the gentleman is right.

The question was taken, and the amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment No. 5: At the end of line 6, on page 28, insert "earned income also means reasonable compensation or allowance for personal services, where income is derived from combined personal services and capital in the prosecution by unincorporated persons of agricultural or other business."

The SPEAKER. The question is on the amendment.

The question was taken, and the Speaker announced that the noes appeared to have it.

Mr. GARNER of Texas. I demand a division, Mr. Speaker.

While the committee was dividing, the following occurred:

Mr. GARNER of Texas. Mr. Speaker, in order to save time, I will ask for the yeas and nays on this amendment so that we can have a record vote.

Mr. LONGWORTH. We will not ask for the yeas and nays over here, I will say to the gentleman.

Mr. GARNER of Texas. We will.

The yeas and nays were ordered.

The question was taken; and there were—yeas 267, nays 144, answered "present" 2, not voting 18, as follows:

YEAS—267.

Abernethy
Allen
Allgood
Almon
Anderson
Arnold
Aswell

Ayres
Bankhead
Barbour
Barkley
Beck
Bell
Black, N. Y.

Bland
Blanton
Bloom
Boies
Bowling
Box
Boyce

Boylan
Brand, Ga.
Briggs
Browne, N. J.
Browne, Wis.
Browning
Buckley

Bulwinkle	Glatfelter	McNulty	Sandlin
Burtess	Goldsborough	McReynolds	Schafer
Busby	Greenwood	McSwain	Schall
Byrnes, S. C.	Griffin	McSweeney	Schneider
Byrnes, Tenn.	Harrison	Major, Ill.	Scott
Canfield	Hastings	Mansfield	Sears, Fla.
Cannon	Haugen	Martin	Sears, Nebr.
Carew	Hawes	Mead	Shallenberger
Carter	Hayden	Michener	Sherwood
Cassey	Hill, Ala.	Miller, Wash.	Simmons
Celler	Hill, Wash.	Milligan	Sinclair
Christopherson	Hoch	Minahan	Sinott
Clague	Hooker	Montague	Sites
Clancy	Howard, Nebr.	Mooney	Smith
Clark, Fla.	Howard, Okla.	Moore, Ga.	Smithwick
Cleary	Hudspeth	Moore, Ohio	Sproul, Kans.
Collier	Hull, Iowa	Moore, Va.	Steagall
Collins	Hull, Tenn.	Morehead	Stedman
Colton	Humphreys	Morgan	Stengle
Connally, Tex.	Jacobstein	Morris	Stevenson
Connerly	Jeffers	Morrow	Strong, Kans.
Cook	Johnson, Ky.	Murphy	Sullivan
Cooper, Wis.	Johnson, S. Dak.	Nelson, Wis.	Summers, Wash.
Crampton	Johnson, Tex.	Nolan	Summers, Tex.
Crisp	Johnson, W. Va.	O'Brien	Swank
Croll	Jones	O'Connell, N. Y.	Swing
Crosser	Jost	O'Connell, R. I.	Tague
Cullen	Keller	O'Connor, La.	Taylor, Tenn.
Cummings	Kelly	O'Connor, N. Y.	Taylor, W. Va.
Davey	Kerr	O'Sullivan	Thomas, Okla.
Davis, Minn.	Ketcham	Oldfield	Thompson
Davis, Tenn.	Kincheloe	Oliver, Ala.	Tillman
Deal	Kindred	Oliver, N. Y.	Tucker
Dickinson, Iowa	King	Park, Ga.	Tydings
Dickinson, Mo.	King	Parks, Ark.	Underwood
Dickstein	Knutson	Peavey	Upshaw
Dominick	Kums	Peery	Vincent, Mich.
Doughton	Kvale	Porter	Vinson, Ga.
Dowell	LaGuardia	Pou	Vinson, Ky.
Doyle	Lampert	Prall	Voigt
Drane	Lanham	Quayle	Ward, N. C.
Drewry	Lankford	Quin	Watkins
Driver	Larsen, Ga.	Ragon	Weaver
Eagan	Lazaro	Rainey	Wefald
Evans, Mont.	Lea, Calif.	Raker	Weiler
Fairfield	Leavitt	Rankin	White, Kans.
Favrot	Lee, Ga.	Rayburn	Williams, Ill.
Fisher	Lilly	Reece	Williams, Mich.
Fitzgerald	Lindsay	Reed, Ark.	Williams, Tex.
Foster	Linthicum	Reid, Ill.	Williamson
Frear	Little	Richards	Wilson, Ind.
Fulbright	Logan	Robinson, Iowa	Wilson, Miss.
Fulmer	Lowrey	Robison, Ky.	Wingo
Garber	Lozier	Rogers, N. H.	Winter
Gardner, Ind.	Lyon	Romjue	Wolfe
Gardner, Tex.	McClintic	Rubey	Woodruff
Garrett, Tenn.	McDuffie	Sabath	Woodrum
Garrett, Tex.	McKeown	Salmon	Wright
Gasque	McLaughlin, Nebr.	Sanders, Tex.	Wurzbach
Gilbert			

NAYS—144.

Ackerman	Fish	McPadden	Seger
Aldrich	Fleetwood	McKenzie	Shreve
Andrew	Fredericks	McLaughlin, Mich.	Snell
Anthony	Free	McLeod	Snyder
Bacharach	Freeman	MacGregor	Speaks
Bacon	French	MacLafferty	Sproul, Ill.
Beedy	Frothingham	Madden	Stalker
Beers	Fuller	Magee, N. Y.	Stephens
Bezz	Gibson	Magee, Pa.	Strong, Pa.
Bixler	Glifford	Manlove	Sweet
Brand, Ohio	Graham, Ill.	Mapes	Swoope
Britten	Graham, Pa.	Merritt	Taber
Brumm	Green, Iowa	Michaelson	Temple
Burdick	Greene, Mass.	Miller, Ill.	Thatcher
Burton	Griest	Mills	Tilson
Butler	Hadley	Moore, Ill.	Timberlake
Cable	Hardy	Moore, Ind.	Tincher
Campbell	Hawley	Morin	Tinkham
Chindblom	Hickey	Nelson, Me.	Treadway
Clarke, N. Y.	Hill, Md.	Newton, Minn.	Underhill
Cole, Iowa	Holiday	Newton, Mo.	Vaile
Cole, Ohio	Huddleston	Paige	Vestal
Connolly, Pa.	Hudson	Parker	Wainwright
Cooper, Ohio	Hull, Morton D.	Patterson	Ward, N. Y.
Crowther	Hull, William E.	Perkins	Watson
Curry	Johnson, Wash.	Perlman	Watres
Dallinger	Kearns	Phillips	Watson
Darrow	Kendall	Purnell	Welsh
Denison	Kless	Ramsayer	Wertz
Dyer	Kurtz	Ransley	White, Ma.
Edmonds	Langley	Rathbone	Winslow
Elliot	Larson, Minn.	Reed, N. Y.	Wood
Evans, Iowa	Leatherwood	Roach	Wyant
Fairchild	Lehlbach	Rogers, Mass.	Yates
Faust	Lineberger	Sanders, Ind.	Young
Penn	Longworth	Sanders, N. Y.	Zihlman

ANSWERED "PRESENT"—2.

Gallivan Luce

NOT VOTING—13.

Berger	Funk	Kopp	Thomas, Ky.
Black, Tex.	Geran	Reed, W. Va.	Vare
Buchanan	Hammer	Rosenbloom	Wilson, La.
Cornling	Hersey	Rouse	
Dempsey	Kahn	Taylor, Colo.	

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Rouse (for) with Mr. Kahn (against).
 Mr. Gallivan (for) with Mr. Vare (against).
 Mr. Wilson of Louisiana (for) with Mr. Funk (against).
 Mr. Berger (for) with Mr. Reed of West Virginia (against).
 Mr. Buchanan (for) with Mr. Hersey (against).
 Mr. Black of Texas (for) with Mr. Luce (against).
 Mr. Thomas of Kentucky (for) with Mr. Dempsey (against).
 Mr. Geran (for) with Mr. Rosenbloom (against).

Mr. GALLIVAN. Mr. Speaker, on this roll call I voted in the affirmative. I am paired with Mr. VARE, who, if he were present, would vote "no." Therefore I withdraw my vote and vote "present."

The SPEAKER. This completes the amendments on which a separate vote was demanded.

Mr. HAWLEY. Mr. Speaker, I offer the following amendment to the amendment of the gentleman from Texas [Mr. GARNER] to perfect sections 210, 211, and 263, subdivision (c).

The SPEAKER. The gentleman from Oregon offers an amendment to the Garner amendment.

Mr. GARRETT of Tennessee. A parliamentary inquiry, Mr. Speaker. On what page of the bill?

Mr. CHINDBLOM. It is not in the bill.

The SPEAKER. It is a substitute for the Garner amendment.

Mr. GARRETT of Tennessee. The Garner amendment is in the bill up to date.

The SPEAKER. Not in the printed bill.

Mr. HAWLEY. The Garner amendment was submitted in the form of a printed bill. This is a substitute. For convenience, it refers to the printed Garner amendment.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. HAWLEY to the Garner amendment: Page 1 of amendment No. 7 (the Garner amendment), line 8, after the word "every," strike out the remainder of the line, and all of line 9, and pages 2 to 7, inclusive, of said amendment, and insert in lieu thereof the following:

"individual (except as provided in subdivision (b) of this section) a normal tax of 6 per cent of the amount of the net income in excess of the credits provided in section 216, except that in the case of a citizen or resident of the United States the rate upon the first \$4,000 of such excess amount shall be 3 per cent.

"(b) In lieu of the tax imposed by subdivision (a) there shall be levied, collected, and paid for each taxable year upon the net income of every nonresident alien individual, a resident of a contiguous country, a normal tax equal to the sum of the following:

"(1) Three per cent of the amount of the net incomes attributable to wages, salaries, professional fees, or other amounts received as compensation for personal services actually performed in the United States in excess of the credits provided in subdivisions (d) and (e) of section 216; but the amount taxable at such 3 per cent rate shall not exceed \$4,000; and

"(2) Six per cent of the amount of the net income in excess of the sum of (A) the amount taxed under paragraph (1) plus (B) the credits provided in section 216."

Strike out lines 19 to 25, inclusive, page 30; lines 1 to 24, inclusive, page 31; lines 1 to 26, inclusive, page 32; lines 1 to 7, inclusive, page 33; and insert in lieu thereof the following:

SURTAX.

SEC. 211. (a) In lieu of the tax imposed by section 211 of the revenue act of 1921, but in addition to the normal tax imposed by section 210 of this act, there shall be levied, collected, and paid for each taxable year upon the net income of every individual a surtax equal to the sum of the following:

"One per cent of the amount by which the net income exceeds \$10,000 and does not exceed \$12,000;

"Two per cent of the amount by which the net income exceeds \$12,000 and does not exceed \$16,000;

"Three per cent of the amount by which the net income exceeds \$16,000 and does not exceed \$18,000;

"Four per cent of the amount by which the net income exceeds \$18,000 and does not exceed \$20,000;

"Five per cent of the amount by which the net income exceeds \$20,000 and does not exceed \$22,000;

"Six per cent of the amount by which the net income exceeds \$22,000 and does not exceed \$24,000;

"Seven per cent of the amount by which the net income exceeds \$24,000 and does not exceed \$26,000;

"Eight per cent of the amount by which the net income exceeds \$26,000 and does not exceed \$28,000;

"Nine per cent of the amount by which the net income exceeds \$28,000 and does not exceed \$30,000;

"Ten per cent of the amount by which the net income exceeds \$30,000 and does not exceed \$32,000;

"Eleven per cent of the amount by which the net income exceeds \$32,000 and does not exceed \$34,000;

"Twelve per cent of the amount by which the net income exceeds \$34,000 and does not exceed \$36,000;

"Thirteen per cent of the amount by which the net income exceeds \$36,000 and does not exceed \$38,000;

"Fourteen per cent of the amount by which the net income exceeds \$38,000 and does not exceed \$40,000;

"Fifteen per cent of the amount by which the net income exceeds \$40,000 and does not exceed \$46,000;

"Sixteen per cent of the amount by which the net income exceeds \$46,000 and does not exceed \$52,000;

"Seventeen per cent of the amount by which the net income exceeds \$52,000 and does not exceed \$58,000;

"Eighteen per cent of the amount by which the net income exceeds \$58,000 and does not exceed \$64,000;

"Nineteen per cent of the amount by which the net income exceeds \$64,000 and does not exceed \$70,000;

"Twenty per cent of the amount by which the net income exceeds \$70,000 and does not exceed \$76,000;

"Twenty-one per cent of the amount by which the net income exceeds \$76,000 and does not exceed \$82,000;

"Twenty-two per cent of the amount by which the net income exceeds \$82,000 and does not exceed \$88,000;

"Twenty-three per cent of the amount by which the net income exceeds \$88,000 and does not exceed \$94,000;

"Twenty-four per cent of the amount by which the net income exceeds \$94,000 and does not exceed \$100,000;

"Twenty-five per cent of the amount by which the net income exceeds \$100,000.

"(b) In the case of a bona fide sale of mines, oil or gas wells, or any interest therein, where the principal value of the property has been demonstrated by prospecting or exploration and discovery work done by the taxpayer, the portion of the tax imposed by this section attributable to such sale shall not exceed 16 per cent of the selling price of such property or interest."

Mr. GARRETT of Tennessee. Mr. Speaker, a parliamentary inquiry. Does this proposed amendment follow exactly the provisions that were in the bill as reported from the Committee on Ways and Means?

Mr. HAWLEY. The amendment changes some 12 or 14 brackets between the upper and lower brackets.

Mr. GARNER of Texas. In other words, you changed the Mellon plan to the point where you can get in from a parliamentary standpoint?

Mr. HAWLEY. I have stated what we have done.

Mr. SEARS of Florida. Is this the Hawley plan, the Longworth plan, or the Mellon plan, or what is it?

Mr. MADDEN. Mr. Chairman, I would like to ask the gentleman whether the amendment he proposes will in effect give to those Members of the House who wish to vote that way a chance to vote for the administration measure known as the Mellon plan.

Mr. HAWLEY. I was about to say when the gentleman interrupted that you can vote directly for the Mellon plan making such changes in a few brackets as will make it a parliamentary proposition.

Mr. MADDEN. Hooray! [Laughter.]

Mr. HAWLEY. Mr. Speaker, I move the previous question on the amendment.

Mr. GARRETT of Tennessee. I wish the gentleman would withhold that; I just want to make an observation on the statement of the gentleman from Illinois. I understand that this is a further demonstration of the effort of that side of the House to pyramid their incapacities. [Laughter.]

The SPEAKER. The question is on ordering the previous question on the amendment.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment offered by the gentleman from Oregon.

Mr. HAWLEY. And on that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 153, nays 261, answered "present" 3, not voting 14, as follows:

YEAS—153.

Ackerman	Bixler	Cable	Cooper, Ohio
Aldrich	Brand, Ohio	Campbell	Crowther
Andrew	Britten	Chindblom	Dallinger
Bacharach	Brown, N. J.	Clark, N. Y.	Darrow
Bacon	Brum	Cole, Iowa	Denison
Beedy	Burdick	Cole, Ohio	Dyer
Beers	Burton	Colton	Edmonds
Begg	Butler	Connolly, Pa.	Elliott

Fairchild	Kendall	Newton, Minn.
Fairfield	Kless	Newton, Mo.
Faust	Kurtz	Palge
Fenn	Langley	Parker
Fish	Larson, Minn.	Patterson
Fleetwood	Leatherwood	Perkins
Foster	Leibach	Periman
Fredericks	Longworth	Phillips
Free	McFadden	Porter
Freeman	McKenzie	Purnell
French	McLaughlin, Mich.	Ransley
Frothingham	McLeod	Reeco
Fuller	MacGregor	Reed, N. Y.
Garber	MacLafferty	Roach
Gibson	Madden	Rogers, Mass.
Gifford	Magee, N. Y.	Rosenbloom
Graham, Ill.	Magee, Pa.	Sanders, Ind.
Graham, Pa.	Manlove	Sanders, N. Y.
Greene, Mass.	Mapes	Scott
Griest	Merritt	Seger
Hadley	Michener	Shreve
Hardy	Miller, Ill.	Sinnott
Hawley	Miller, Wash.	Smith
Hickey	Mills	Snell
Hill, Md.	Moore, Ill.	Snyder
Holaday	Moore, Ohio	Sproul, Ill.
Hudson	Moore, Ind.	Stalker
Hull, Morton D.	Morgan	Stephens
Hull, William E.	Morin	Strong, Pa.
Johnson, Wash.	Murphy	Sweet
Kearns	Nelson, Ma.	Swoope

NAYS—261.

Abernethy	Doughton	Lanham	Reid, Ill.
Allen	Dowell	Lankford	Richards
Allgood	Doyle	Larsen, Ga.	Robinson, Iowa
Alston	Drane	Lazaro	Robson, Ky.
Anderson	Drewry	Lea, Calif.	Rogers, N. H.
Anthony	Driver	Leavitt	Roussie
Arnold	Eagan	Lee, Ga.	Rube
Aswell	Evans, Iowa	Lilly	Sabath
Ayres	Evans, Mont.	Lindsay	Salmon
Bankhead	Favrot	Lineberger	Sanders, Tex.
Barbour	Fisher	Linthicum	Sandlin
Barkley	Fitzgerald	Little	Schafer
Beck	Frear	Logan	Schall
Bell	Fulbright	Lowrey	Schneider
Black, N. Y.	Fulmer	Lozier	Sears, Fla.
Bland	Gardner, Ind.	Lyon	Sears, Nebr.
Blanton	Garner, Tex.	McClintic	Shallenberger
Bloom	Garrett, Tenn.	McDuffie	Sherwood
Boles	Garrett, Tex.	McKeown	Simmons
Bowling	Gasque	McLaughlin, Nebr.	Sinclair
Box	Geran	McNulty	Sites
Boylan	Gilbert	McReynolds	Smithwick
Brand, Ga.	Glatfelter	MeSwain	Speaks
Briggs	Goldsborough	McSweeney	Sproul, Kans.
Browne, Wis.	Green, Iowa	Major, Ill.	Stegall
Browning	Greenwood	Major, Mo.	Stedman
Buchanan	Griffin	Mansfield	Stengel
Buckley	Hammer	Martin	Stevenson
Bulwinkle	Harrison	Mead	Strong, Kans.
Burtess	Hastings	Michaelson	Sullivan
Busby	Haugen	Milligan	Summers, Wash.
Byrnes, S. C.	Hawes	Minahan	Summers, Tex.
Byrns, Tenn.	Hayden	Montague	Swank
Candler	Hill, Ala.	Mooney	Swing
Cannon	Hill, Wash.	Moore, Ga.	Tague
Carew	Hoch	Moore, Va.	Taylor, W. Va.
Carter	Hooker	Morehead	Thomas, Okla.
Casey	Howard, Nebr.	Morris	Tillman
Celler	Howard, Okla.	Morrow	Tincher
Christopherson	Huddleston	Nelson, Wis.	Tucker
Clague	Hudspeth	Nolan	Tydings
Clancy	Hull, Tenn.	O'Brien	Underwood
Clark, Fla.	Hull, Iowa	O'Connell, N. Y.	Upshaw
Cleary	Humphreys	O'Connell, R. I.	Vinson, Ga.
Collier	Jacobstein	O'Connor, La.	Vinson, Ky.
Collins	James	O'Connor, N. Y.	Voigt
Connally, Tex.	Jeffers	O'Sullivan	Ward, N. C.
Connery	Johnson, Ky.	Oldfield	Watkins
Cook	Johnson, S. Dak.	Oliver, Ala.	Weaver
Cooper, Wis.	Johnson, Tex.	Oliver, N. Y.	Wefald
Corning	Johnson, W. Va.	Park, Ga.	Weller
Cramton	Jones	Parks, Ark.	White, Kans.
Crisp	Jost	Peavey	Williams, Tex.
Croll	Keller	Peery	Williamson
Crosser	Kelly	Pou	Wilson, Ind.
Cullen	Kent	Prall	Wilson, Miss.
Cummings	Kerr	Quayle	Wingo
Curry	Ketcham	Quin	Winter
Davey	Kincheloe	Ragon	Wolf
Davis, Minn.	Kindred	Rafney	Woodruff
Davis, Tenn.	King	Raker	Woodrum
Deal	Knutson	Ramseyer	Wright
Dickinson, Iowa	Kunz	Rankin	Zihlman
Dickinson, Mo.	Kvale	Rathbone	
Dickstein	LaGuardia	Rayburn	
Dominick	Lampert	Reed, Ark.	

ANSWERED "PRESENT"—3.

Boyce	Gallivan	Luce
Berger	Hersey	Rouse
Black, Tex.	Kahn	Taylor, Colo.
Dempsey	Kopp	Thomas, Ky.
Funck	Reed, W. Va.	Vare

NOT VOTING—14.

Wilson, La.
Yates

So the amendment was rejected.
The Clerk announced the following additional pairs:

On the vote:
Mr. Luce (for) with Mr. Black of Texas (against).
Mr. Vare (for) with Mr. Gallivan (against).

Mr. Kahn (for) with Mr. Rouse (against).
 Mr. Reed of West Virginia (for) with Mr. Berger (against).
 Mr. Dempsey (for) with Mr. Thomas of Kentucky (against).
 Mr. Hersey (for) with Mr. Wilson of Louisiana (against).

Mr. LUCE. Mr. Speaker, on this question and on all the major questions connected with this bill I have agreed to pair with the gentleman from Texas, Mr. BLACK, who has been obliged to return home by reason of the death of his brother. I voted "aye," and I ask that my vote may be withdrawn and that I may be recorded as "present." If Mr. BLACK were here, he would vote "no."

Mr. GALLIVAN. Mr. Speaker, on this vote I voted "no." I am paired with the gentleman from Pennsylvania, Mr. VARE. If he were present, he would vote "aye." I desire to withdraw my vote and be recorded "present."

Mr. KINCHELOE. Mr. Speaker, my colleague, Mr. ROUSE, of Kentucky, is unavoidably absent, and he requested me to say that if he were present he would vote "no."

The result of the vote was announced as above recorded.

Mr. LONGWORTH. Mr. Speaker, I offer the following substitute for the Garner amendment, which I send to the desk.

The Clerk read as follows:

Mr. LONGWORTH offers the following substitute for the Garner amendment to sections 210 and 211 and subdivision (c) of section 216:

"On page 29 strike out lines 20 to 25, inclusive, and lines 1 to 18, inclusive, on page 30, and insert in lieu thereof the following:

"SEC. 210. (a) In lieu of the tax imposed by section 210 of the revenue act of 1921, there shall be levied, collected, and paid for each taxable year upon the net income of every individual (except as provided in subdivision (b) of this section) a normal tax of 6 per centum of the amount of the net income in excess of the credits provided in section 216, except that in the case of a citizen or resident of the United States the rate upon the first \$4,000 of such excess amount shall be 2 per centum and upon the next \$4,000 of such excess amount shall be 5 per centum;

"(b) In lieu of the tax imposed by subdivision (a), there shall be levied, collected, and paid for each taxable year upon the net income of every nonresident alien individual, a resident of a contiguous country, a normal tax equal to the sum of the following:

"(1) Two per centum of the amount by which the part of the net income attributable to wages, salaries, professional fees, or other amounts received as compensation for personal services actually performed in the United States exceeds the credits provided in subdivisions (d) and (e) of section 216; but the amount taxable at such 2 per centum rate shall not exceed \$4,000;

"(2) Five per centum of the amount by which such part of the net income exceeds the sum of (A) the credits provided in subdivisions (d) and (e) of section 216, plus (B) \$4,000; but the amount taxable at such 5 per centum rate shall not exceed \$4,000; and

"(3) Six per centum of the amount of the net income in excess of the sum of (A) the amount taxed under paragraphs (1) and (2), plus (B) the credits provided in section 216."

Also strike out lines 20 to 25, inclusive, on page 30; lines 1 to 24, inclusive, page 31; and lines 1 to 26, inclusive, page 32, and insert in lieu thereof the following:

"SEC. 211. (a) In lieu of the tax imposed by section 211 of the revenue act of 1921, but in addition to the normal tax imposed by section 210 of this act, there shall be levied, collected, and paid for each taxable year upon the net income of every individual a surtax equal to three-fourths of the sum of the following:

"Two per centum of the amount by which the net income exceeds \$10,000 and does not exceed \$12,000;

"Three per centum of the amount by which the net income exceeds \$12,000 and does not exceed \$14,000;

"Four per centum of the amount by which the net income exceeds \$14,000 and does not exceed \$16,000;

"Five per centum of the amount by which the net income exceeds \$16,000 and does not exceed \$18,000;

"Six per centum of the amount by which the net income exceeds \$18,000 and does not exceed \$20,000;

"Eight per centum of the amount by which the net income exceeds \$20,000 and does not exceed \$22,000;

"Nine per centum of the amount by which the net income exceeds \$22,000 and does not exceed \$24,000;

"Ten per centum of the amount by which the net income exceeds \$24,000 and does not exceed \$26,000;

"Eleven per centum of the amount by which the net income exceeds \$26,000 and does not exceed \$28,000;

"Twelve per centum of the amount by which the net income exceeds \$28,000 and does not exceed \$30,000;

"Thirteen per centum of the amount by which the net income exceeds \$30,000 and does not exceed \$32,000;

"Fifteen per centum of the amount by which the net income exceeds \$32,000 and does not exceed \$36,000;

"Sixteen per centum of the amount by which the net income exceeds \$36,000 and does not exceed \$38,000;

"Seventeen per centum of the amount by which the net income exceeds \$38,000 and does not exceed \$40,000;

"Eighteen per centum of the amount by which the net income exceeds \$40,000 and does not exceed \$42,000;

"Nineteen per centum of the amount by which the net income exceeds \$42,000 and does not exceed \$44,000;

"Twenty per centum of the amount by which the net income exceeds \$44,000 and does not exceed \$46,000;

"Twenty-one per centum of the amount by which the net income exceeds \$46,000 and does not exceed \$48,000;

"Twenty-two per centum of the amount by which the net income exceeds \$48,000 and does not exceed \$50,000;

"Twenty-three per centum of the amount by which the net income exceeds \$50,000 and does not exceed \$52,000;

"Twenty-four per centum of the amount by which the net income exceeds \$52,000 and does not exceed \$54,000;

"Twenty-five per centum of the amount by which the net income exceeds \$54,000 and does not exceed \$56,000;

"Twenty-six per centum of the amount by which the net income exceeds \$56,000 and does not exceed \$58,000;

"Twenty-seven per centum of the amount by which the net income exceeds \$58,000 and does not exceed \$60,000;

"Twenty-eight per centum of the amount by which the net income exceeds \$60,000 and does not exceed \$62,000;

"Twenty-nine per centum of the amount by which the net income exceeds \$62,000 and does not exceed \$64,000;

"Thirty per centum of the amount by which the net income exceeds \$64,000 and does not exceed \$66,000;

"Thirty-one per centum of the amount by which the net income exceeds \$66,000 and does not exceed \$68,000;

"Thirty-two per centum of the amount by which the net income exceeds \$68,000 and does not exceed \$70,000;

"Thirty-three per centum of the amount by which the net income exceeds \$70,000 and does not exceed \$72,000;

"Thirty-four per centum of the amount by which the net income exceeds \$72,000 and does not exceed \$74,000;

"Thirty-five per centum of the amount by which the net income exceeds \$74,000 and does not exceed \$76,000;

"Thirty-six per centum of the amount by which the net income exceeds \$76,000 and does not exceed \$78,000;

"Thirty-seven per centum of the amount by which the net income exceeds \$78,000 and does not exceed \$80,000;

"Thirty-eight per centum of the amount by which the net income exceeds \$80,000 and does not exceed \$82,000;

"Thirty-nine per centum of the amount by which the net income exceeds \$82,000 and does not exceed \$84,000;

"Forty per centum of the amount by which the net income exceeds \$84,000 and does not exceed \$86,000;

"Forty-one per centum of the amount by which the net income exceeds \$86,000 and does not exceed \$88,000;

"Forty-two per centum of the amount by which the net income exceeds \$88,000 and does not exceed \$90,000;

"Forty-three per centum of the amount by which the net income exceeds \$90,000 and does not exceed \$92,000;

"Forty-four per centum of the amount by which the net income exceeds \$92,000 and does not exceed \$94,000;

"Forty-five per centum of the amount by which the net income exceeds \$94,000 and does not exceed \$96,000;

"Forty-six per centum of the amount by which the net income exceeds \$96,000 and does not exceed \$98,000;

"Forty-seven per centum of the amount by which the net income exceeds \$98,000 and does not exceed \$100,000;

"Forty-eight per centum of the amount by which the net income exceeds \$100,000 and does not exceed \$150,000;

"Forty-nine per centum of the amount by which the net income exceeds \$150,000 and does not exceed \$200,000;

"Fifty per centum of the amount by which the net income exceeds \$200,000."

Mr. BLANTON. Mr. Speaker, I make the point of order against the Longworth substitute that in effect it is a revenue bill and the rules of the House require that a revenue bill which appears on the Union Calendar shall be framed in Committee of the Whole House on the state of the Union. The only exception is where new matter is offered in a motion to recommit. This is not a motion to recommit. It is an attempt to frame a revenue bill in the House, which can not be done, as the rules require it to be framed in the Committee of the Whole House on the state of the Union.

Mr. LONGWORTH. Mr. Speaker, will the gentleman yield for a question?

Mr. BLANTON. Yes.

Mr. LONGWORTH. Where was the Garner amendment framed?

Mr. BLANTON. In the Committee of the Whole House on the State of the Union, where it should be framed. I make the

point or order that this is an attempt to frame a revenue bill in the House. This Longworth substitute is a new revenue plan and has not been considered in Committee of the Whole House on the state of the Union, where it could be debated under the rules of the House and where the membership would have a right to analyze it and perfect it by amendments.

The SPEAKER. Has the gentleman anything further to offer?

Mr. BLANTON. Mr. Speaker, I make the point of order sincerely, believing that it is well taken. Under the rules of the House the Committee of the Whole House on the state of the Union has the inherent right to pass upon such a new revenue proposition as is now proposed. This is going behind the rules and setting them aside.

The SPEAKER. The gentleman's argument seems to go to the point that the House has not the right to amend this bill.

Mr. BLANTON. It has, certainly, on a motion to recommit. But this is an entirely new revenue proposition about which we know nothing, and we are entitled to debate it in the Committee of the Whole House on the state of the Union.

The SPEAKER. Of course the House always has the right to amend. The Chair overrules the point of order.

Mr. LONGWORTH. Mr. Speaker, by this substitute gentlemen will have an opportunity of deciding between a well-considered Republican income tax reduction plan, which will raise the necessary revenue, and an ill-considered Democratic, makeshift plan, which will cause a tremendous deficit in the revenue. I move the previous question on the amendment.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the substitute offered by the gentleman from Ohio.

Mr. LONGWORTH. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 216, nays 199, answered "present" 2, not voting 14, as follows:

YEAS—216.

Ackerman	Fleetwood	McLaughlin, Nebr.	Shreve
Aldrich	Foster	McLeod	Simmons
Anderson	Frear	MacGregor	Sinclair
Andrew	Fredericks	MacLafferty	Sinnott
Anthony	Free	Madden	Smith
Bacharach	Freeman	Magee, N. Y.	Snell
Bacon	French	Magee, Pa.	Snyder
Barbour	Frothingham	Manlove	Speaks
Beck	Fuller	Mapes	Sprout, Ill.
Beedy	Garber	Merritt	Sprout, Kans.
Beers	Gibson	Michaelson	Stalker
Begg	Gifford	Michener	Stephens
Bixler	Graham, Ill.	Miller, Ill.	Strong, Kans.
Boles	Graham, Pa.	Miller, Wash.	Strong, Pa.
Brand, Ohio	Green, Iowa	Mills	Summers, Wash.
Britten	Greene, Mass.	Moore, Ill.	Sweet
Browne, N. J.	Griest	Moore, Ohio.	Swing
Browne, Wis.	Hadley	Moore, Ind.	Swoope
Brumm	Hardy	Morgan	Taber
Burdick	Hangen	Morin	Taylor, Tenn.
Burtness	Hawley	Murphy	Temple
Burton	Hickey	Nelson, Me.	Thacher
Butler	Hill, Md.	Nelson, Wis.	Thompson
Cable	Hoch	Newton, Minn.	Tilson
Campbell	Holaday	Newton, Mo.	Timberlake
Chindblom	Hudson	Nolan	Tincher
Christopherson	Hull, Iowa	Palge	Tinkham
Clague	Hull, Morton D.	Parker	Treadway
Clarke, N. Y.	Hull, William E.	Patterson	Underhill
Cole, Iowa	James	Peavey	Valle
Cole, Ohio	Johnson, S. Dak.	Perkins	Vestal
Colton	Johnson, Wash.	Perlman	Vincent, Mich.
Connolly, Pa.	Kearns	Phillips	Voigt
Cooper, Ohio	Keller	Porter	Wainwright
Cooper, Wis.	Kelly	Purnell	Ward, N. Y.
Cramton	Kendall	Ramseyer	Wason
Crowther	Ketcham	Ransley	Watres
Curry	Kiess	Rathbone	Watson
Dallinger	King	Reece	Welsh
Darrow	Knutson	Reed, N. Y.	Wertz
Davis, Minn.	Kurtz	Reld, Ill.	White, Kans.
Denison	LaGuardia	Roach	White, Me.
Dickinson, Iowa	Lampert	Robinson, Iowa	Williams, Ill.
Dowell	Langley	Robison, Ky.	Williams, Mich.
Dyer	Larson, Minn.	Rogers, Mass.	Williamson
Edmonds	Leatherwood	Rosenbloom	Winslow
Ellott	Leavitt	Sanders, Ind.	Winter
Evans, Iowa	Lehlbach	Sanders, N. Y.	Wood
Fairchild	Lineberger	Schafer	Woodruff
Fairfield	Little	Schall	Wurzbach
Faust	Longworth	Schneider	Wyant
Fenn	McFadden	Scott	Yates
Fish	McKenzie	Sears, Nebr.	Young
Fitzgerald	McLaughlin, Mich.	Seger	Zihlman

NAYS—199.

Abernethy	Barkley	Boyce	Byrnes, S. C.
Allen	Bell	Boylan	Byrnes, Tenn.
Allgood	Black, N. Y.	Brand, Ga.	Canfield
Almon	Bland	Briggs	Cannon
Arnold	Blanton	Browning	Carew
Aswell	Bloom	Buckley	Carter
Ayres	Bowling	Bulwinkle	Casey
Bankhead	Box	Busby	Celler

Clancy	Hammer	McKeown	Rogers, N. H.
Clark, Fla.	Harrison	McNulty	Romjue
Clary	Hastings	McReynolds	Ruby
Collier	Hawes	McSwain	Sabath
Collins	Hayden	McSweeney	Salmon
Connally, Tex.	Hill, Ala.	Major, Ill.	Sanders, Tex.
Connery	Hill, Wash.	Major, Mo.	Sandlin
Cook	Hooker	Mansfield	Sears, Fla.
Cornling	Howard, Nebr.	Martin	Shallenberger
Crisp	Howard, Okla.	Mead	Sherwood
Croll	Huddleston	Milligan	Sites
Crosser	Hudspeth	Minahan	Smithwick
Cullen	Hull, Tenn.	Montague	Steagall
Cummings	Humphreys	Mooney	Stedman
Davey	Jacobstein	Moore, Ga.	Stengle
Davis, Tenn.	Jeffers	Moore, Va.	Stevenson
Deal	Johnson, Ky.	Morehead	Sullivan
Dickinson, Mo.	Johnson, Tex.	Morris	Summers, Tex.
Dickstein	Johnson, W. Va.	Morrow	Swank
Dominick	Jones	O'Brien	Tagua
Doughton	Jost	O'Connell, N. Y.	Taylor, W. Va.
Doyle	Kent	O'Connell, R. I.	Thomas, Okla.
Drane	Kerr	O'Connor, La.	Tillman
Drewry	Kincheloe	O'Connor, N. Y.	Tucker
Driver	Kindred	O'Sullivan	Tydings
Eagan	Kunz	Oldfield	Underwood
Evans, Mont.	Kvale	Oliver, Ala.	Upshaw
Favrot	Lanham	Oliver, N. Y.	Vinson, Ga.
Fisher	Lankford	Park, Ga.	Vinson, Ky.
Fulbright	Larsen, Ga.	Parks, Ark.	Ward, N. C.
Fulmer	Lazaro	Peery	Watkins
Gardner, Ind.	Lea, Calif.	Pou	Weaver
Garner, Tex.	Lee, Ga.	Prall	Wefald
Garrett, Tenn.	Lilly	Quayle	Weller
Garrett, Tex.	Lindsay	Quin	Williams, Tex.
Gasque	Linthicum	Ragon	Wilson, Ind.
Geran	Logan	Rainey	Wilson, Miss.
Gilbert	Lowrey	Raker	Wingo
Glatfelter	Lozier	Rankin	Wolff
Goldsbrough	Lyon	Rayburn	Woodrum
Greenwood	McClintic	Reed, Ark.	Wright
Griffin	McDuffie	Richards	

ANSWERED "PRESENT"—2.

Gallivan Luce

NOT VOTING—14.

Berger	Funk	Reed, W. Va.	Vare
Black, Tex.	Hersey	Rouse	Wilson, La.
Buchanan	Kahn	Taylor, Colo.	
Dempsey	Kopp	Thomas, Ky.	

So the Longworth amendment was agreed to.

The Clerk announced the following additional pairs:

On this vote:

Mr. Luca (for) with Mr. Black of Texas (against).

Mr. Vare (for) with Mr. Gallivan (against).

Mr. Kahn (for) with Mr. Rouse (against).

Mr. Reed of West Virginia (for) with Mr. Berger (against).

Mr. Funk (for) with Mr. Wilson of Louisiana (against).

Mr. Dempsey (for) with Mr. Thomas of Kentucky (against).

Mr. Hersey (for) with Mr. Buchanan (against).

Mr. GALLIVAN. Mr. Speaker, on this amendment I voted "no." I am paired with the gentleman from Pennsylvania, Mr. VARE, who is not here. If he were present, he would vote "aye." Therefore I desire to withdraw my vote and vote "present."

The SPEAKER. The gentleman will be recorded as "present."

Mr. LUCE. Mr. Speaker, on this question I voted "aye." I am paired with Mr. BLACK of Texas. If he were here he would vote "no." I ask that my vote may be withdrawn and that I may be recorded as "present."

The SPEAKER. The gentleman's name will be recorded as "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on agreeing to the amendment as amended.

The amendment to the amendment was agreed to.

Mr. GREEN of Iowa. Mr. Speaker, there were several informal amendments made in places to conform with the Garner amendment when adopted in the bill, amendments that now in conformity with the action of the House should be corrected; that is, they should be voted down to correspond with the action of the House. I ask unanimous consent that I may now submit these amendments to the vote of the House.

The SPEAKER. The gentleman from Iowa asks unanimous consent that the following amendments be submitted together.

Mr. BLANTON. We want to know what they are.

The SPEAKER. The Clerk will report them separately.

The Clerk read as follows:

The following amendments were offered by the committee, being made necessary by the adoption of the Garner amendment changing the normal tax and the personal exemption:

Page 53, line 8, striking out "paragraph (1) of subdivision (b)" and inserting in lieu thereof "subdivision (c)."

Page 66, line 7, striking out "\$1,000" and inserting "\$2,000."

Page 66, line 10, striking out "\$2,000" and inserting "\$3,000."

Page 66, line 16, striking out "\$2,000" and inserting "\$3,000."

Page 67, line 19, striking out "\$1,000" and inserting "\$2,000."

Page 67, line 22, striking out "\$2,000" and inserting "\$3,000."

Page 68, line 2, striking out "\$1,000" and inserting "\$2,000."

Mr. GREEN of Iowa. Mr. Speaker, these amendments, as I said, were inserted originally in Committee of the Whole to conform with the Garner amendment. Now, to conform with the action of the House just taken, they should be voted down.

The SPEAKER. Is there objection to considering them together?

Mr. GARNER of Texas. I have no objection to considering them. The amendments ought to be adopted.

Mr. GREEN of Iowa. They ought not to be adopted.

Mr. GARNER of Texas. I mean the amendment you propose.

Mr. GREEN of Iowa. I have not proposed any amendment.

Mr. GARNER of Texas. The gentleman desires that these amendments be voted on together and voted down?

Mr. GREEN of Iowa. Yes. Under the plan in the bill we gave an exemption of \$3,000 to the married and \$2,000 to the unmarried person. Now you have restored the former exemptions. This is merely to conform to the Longworth amendment.

Mr. HOWARD of Nebraska. Oh, Mr. Speaker, I can not consent to that.

The SPEAKER. The Clerk will read the first amendment.

Mr. HOWARD of Nebraska. Well, I consent. [Laughter.]

The SPEAKER. The question is on agreeing to the amendments.

The question was taken, and the amendments were rejected.

Mr. TILSON. Mr. Speaker, is a separate vote desired on any amendment?

Mr. GREEN of Iowa. Mr. Speaker, since objection is made, I move the previous question on the bill and all remaining amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. MONTAGUE. Mr. Speaker, I ask a separate vote on amendment No. 31, page 152, known as the cigarette tax.

The SPEAKER. Is a separate vote demanded on any other amendment?

Mr. TILSON. Mr. Speaker, No. 16, on page 100, line 12, introduced by the gentleman from Virginia [Mr. MOORE], known as the "Peeping Tom amendment," and the one on the same subject offered by the gentleman from Kentucky [Mr. BARKLEY].

Mr. MILLS. Mr. Speaker, I demand a separate vote on amendment No. 7, page 125, line 20, being an amendment offered by the gentleman from Iowa [Mr. RAMSEYER].

The SPEAKER. Is a separate vote demanded on any other amendment?

Mr. GREEN of Iowa. Mr. Speaker, I ask for a separate vote on the amendment offered by the gentleman from Mississippi [Mr. COLLIER], on page 201, beginning with line 16, to strike out the paragraph, being the tax on checks and promissory notes; also on the amendment offered by the gentleman from Georgia [Mr. LARSEN], on page 207, line 7, inserting the words "with the advice and consent of the Senate."

The SPEAKER. The clerks at the desk were unable to hear the gentleman's last request.

Mr. GREEN of Iowa. I will send these to the desk, marked.

The SPEAKER. What was the gentleman's last request? We have them all except the last one.

The Clerk read as follows:

Page 205, line 7, amendment offered by Mr. LARSEN of Georgia, inserting the words "with the advice and consent of the Senate."

Mr. GREEN of Iowa. On page 201, beginning with line 16, the amendment offered by Mr. COLLIER.

The Clerk read as follows:

Amendment offered by Mr. COLLIER: Page 201, beginning with line 16, strike out paragraph 5, being the stamp tax on drafts and checks, agreed to February 28.

Mr. TREADWAY. Mr. Speaker, I ask for a separate vote on the amendment adopted on page 150, offered by the gentleman from Iowa [Mr. GREEN], imposing a tax on gifts.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will submit the other amendments en gross. The question is on agreeing to the other amendments.

The other amendments were agreed to.

The SPEAKER. The Clerk will report the first amendment on which a separate vote is demanded.

The Clerk read as follows:

The Moore amendment: Page 100, line 12, after the word "President," insert the following:

"Provided, That the Ways and Means Committee of the House or the Finance Committee of the Senate, or a special committee of the House or Senate, shall have the right to call on the Secretary of the Treasury, and it shall be his duty to furnish any data of any character contained in or shown by the returns or any of them that may be required by the committee; and any such committee shall have the right, acting directly as a committee or by and through such examiners or agents as it may designate or appoint, to inspect all or any of the returns at such times and in such manner as it may determine; and any relevant or useful information thus obtained may be submitted by the committee obtaining it to the Senate or the House, or to both the Senate and House, as the case may be."

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. CRISP) there were—ayes 238, noes 124.

So the amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment by Mr. BARKLEY: Amendment No. 17, on page 100, lines 13 and 14, after the word "State" in line 13, strike out the words "imposing an income tax."

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. BARKLEY) there were—ayes 222, noes 179.

So the amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment offered by Mr. RAMSEYER: Strike out all beginning with line 20, page 125, to and including line 22, page 126, and insert in lieu thereof the following:

"One per cent of the amount of the net estate not in excess of \$50,000;

"Two per cent of the amount by which the net estate exceeds \$50,000 and does not exceed \$100,000;

"Three per cent of the amount by which the net estate exceeds \$100,000 and does not exceed \$150,000;

"Four per cent of the amount by which the net estate exceeds \$150,000 and does not exceed \$250,000;

"Six per cent of the amount by which the net estate exceeds \$250,000 and does not exceed \$450,000;

"Nine per cent of the amount by which the net estate exceeds \$450,000 and does not exceed \$750,000;

"Twelve per cent of the amount by which the net estate exceeds \$750,000 and does not exceed \$1,000,000;

"Fifteen per cent of the amount by which the net estate exceeds \$1,000,000 and does not exceed \$1,500,000;

"Eighteen per cent of the amount by which the net estate exceeds \$1,500,000 and does not exceed \$2,000,000;

"Twenty-one per cent of the amount by which the net estate exceeds \$2,000,000 and does not exceed \$3,000,000;

"Twenty-four per cent of the amount by which the net estate exceeds \$3,000,000 and does not exceed \$4,000,000;

"Twenty-seven per cent of the amount by which the net estate exceeds \$4,000,000 and does not exceed \$5,000,000;

"Thirty per cent of the amount by which the net estate exceeds \$5,000,000 and does not exceed \$8,000,000;

"Thirty-five per cent of the amount by which the net estate exceeds \$8,000,000 and does not exceed \$10,000,000;

"Forty per cent of the amount by which the net estate exceeds \$10,000,000."

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 261, noes 107.

So the amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment offered by Mr. GREEN of Iowa: Page 150, after line 24, insert new sections, as follows:

"SEC. 319. On and after January 1, 1924, a tax equal to the sum of the following is hereby imposed upon the transfer of property by gift, whether made directly or indirectly, by every person, whether a resident or nonresident of the United States:

"One per cent of the amount of gifts not in excess of \$50,000;

"Two per cent of the amount by which the gifts exceed \$50,000 and do not exceed \$100,000;

"Three per cent of the amount by which the gifts exceed \$100,000 and do not exceed \$150,000;

"Four per cent of the amount by which the gifts exceed \$150,000 and do not exceed \$250,000;

"Six per cent of the amount by which the gifts exceed \$250,000 and do not exceed \$450,000;

"Nine per cent of the amount by which the gifts exceed \$450,000 and do not exceed \$750,000;

"Twelve per cent of the amount by which the gifts exceed \$750,000 and do not exceed \$1,000,000;

"Fifteen per cent of the amount by which the gifts exceed \$1,000,000 and do not exceed \$1,500,000;

"Eighteen per cent of the amount by which the gifts exceed \$1,500,000 and do not exceed \$2,000,000;

"Twenty-one per cent of the amount by which the gifts exceed \$2,000,000 and do not exceed \$3,000,000;

"Twenty-four per cent of the amount by which the gifts exceed \$3,000,000 and do not exceed \$4,000,000;

"Twenty-seven per cent of the amount by which the gifts exceed \$4,000,000 and do not exceed \$5,000,000;

"Thirty per cent of the amount by which the gifts exceed \$5,000,000 and do not exceed \$8,000,000;

"Thirty-five per cent of the amount by which the gifts exceed \$8,000,000 and do not exceed \$10,000,000;

"Forty per cent of the amount by which the gifts exceed \$10,000,000.

"SEC. 320. The amount of the gifts subject to the tax imposed by section 319, in the case of residents, shall be the sum of all the gifts made by such resident during the calendar year, and in the case of nonresidents the sum of all gifts so made of property situated within the United States. If the gift is made in property, the fair market value thereof at the date of the gift shall be considered the amount of the gift subject to the tax.

"Where property is sold or exchanged for less than a fair consideration in money or money's worth, then the amount by which the fair market value of the property exceeded the consideration received shall, for the purpose of the tax imposed by section 319, be deemed a gift and shall be included in computing the amount of gifts made during the calendar year.

"SEC. 321. For the purpose of this tax the amount of the gift subject to the tax imposed by section 319 shall be determined—

"(a) In the case of a resident, by deducting from the total amount of such gifts—

"(1) An exemption of \$50,000;

"(2) The amount of all gifts or contributions made within the calendar year to or for any donee or purpose specified in paragraph (3) of subdivision (a) of section 303, or to the special fund for vocational rehabilitation authorized by section 7 of the vocational rehabilitation act;

"(3) Gifts the aggregate amount of which to any one person does not exceed \$500.

"(b) In the case of a nonresident, by deducting from the total amount of such gifts—

"(1) The amount of all gifts or contributions made within the calendar year to or for any donee or purpose specified in paragraph (3) of subdivision (a) of section 303, or to the special fund for vocational rehabilitation authorized by section 7 of the vocational rehabilitation act;

"(2) Gifts the aggregate amount of which to any one person does not exceed \$500.

"SEC. 322. In case a tax has been imposed under section 319 upon any gift, and thereafter upon the death of the donor the amount thereof is required by any provision of this title to be included in the gross estate of the decedent then there shall be credited against and applied in reduction of the estate tax, which would otherwise be chargeable against the estate of the decedent under the provisions of section 301, an amount equal to the tax paid with respect to such gift; and in the event the donor has in any year paid the tax imposed by section 319 with respect to a gift or gifts which upon the death of the donor must be included in his gross estate and a gift or gifts not required to be so included, then the amount of the tax which shall be deemed to have been paid with respect to the gift or gifts required to be so included shall be that proportion of the entire tax paid on account of all such gifts which the amount of the gift or gifts required to be so included bears or bear to the total amount of gifts in that year.

"SEC. 323. Any person who within the year 1924 or any calendar year thereafter makes any gift or gifts of an aggregate value in excess of \$10,000 shall, on or before the 15th day of the third month following the close of the calendar year, file with the collector a return under oath in duplicate, listing and setting forth therein all gifts and contributions by him made during such calendar year, and the fair market value thereof when made, and also all sales and exchanges of property owned by him made within such year for less than a fair consideration in money or money's worth, stating therein the fair

market value of the property so sold or exchanged and that of the consideration received by him, both as of the date of such sale or exchange.

"SEC. 324. The tax imposed by section 319 shall be paid by the donor on or before the 15th day of the third month following the close of the calendar year, and shall be assessed, collected, and paid in the same manner and subject, in so far as applicable, to the same provisions of law as the tax imposed by section 301."

The SPEAKER. The question is on agreeing to the amendment.

The question was taken, and the amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment. The Clerk read as follows:

Amendment 31, page 152 of the bill: Amendment by Mr. GARNER of Texas: Page 152, line 8, strike out "\$3" and insert "\$4."

Mr. ABERNETHY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. ABERNETHY. Mr. Speaker, as I understand, that is the amendment which adds an additional tax of \$1 on cigarettes?

The SPEAKER. Yes. The question is on agreeing to the amendment.

Mr. KINCHELOE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 153, nays 258, answered "present" 1, not voting 19, as follows:

YEAS—153.

Allen	Dickinson, Iowa	Ketcham	Sandlin
Allgood	Dominick	Kless	Schall
Anderson	Dowell	Kvale	Schnelder
Anthony	Driver	Larson, Minn.	Scott
Arnold	Evans, Iowa	Leatherwood	Shallenberger
Ayres	Evans, Mont.	Leavitt	Sherwood
Bankhead	Fairfield	Lowrey	Simmons
Beck	Fleetwood	Lozier	Sinclair
Beedy	Frear	McClintic	Sinnott
Beers	French	McDuffie	Speaks
Begg	Fulbright	McKenzie	Sproul, Kans.
Bell	Fuller	McLaughlin, Mich.	Stalker
Blanton	Garber	McLaughlin, Nebr.	Stevenson
Boles	Gardner, Ind.	McSweeney	Strong, Kans.
Bowling	Garner, Tex.	Mapes	Summers, Tex.
Box	Garrett, Tenn.	Michener	Sweet
Browne, Wis.	Garrett, Tex.	Milligan	Swing
Brand, Ga.	Gibson	Moore, Ga.	Thomas, Okla.
Brand, Ohio	Gilbert	Morehead	Thompson
Briggs	Green, Iowa	Nelson, Wis.	Timberlake
Burton	Greenwood	Newton, Minn.	Tincher
Canfield	Griffin	Oldfield	Vallie
Cannon	Hardy	Oliver, Ala.	Vincent, Mich.
Carter	Haugen	Peavey	Watkins
Christopherson	Hayden	Porter	Wefald
Clague	Hill, Wash.	Quin	Welsh
Clarke, N. Y.	Hoch	Rainey	White, Kans.
Cole, Iowa	Holaday	Raker	Williams, Mich.
Cole, Ohio	Howard, Nebr.	Ramsayer	Williams, Tex.
Collier	Howard, Okla.	Rankin	Williamson
Colton	Hudson	Rathbone	Wilson, Ind.
Connally, Tex.	Hull, Iowa	Reid, Ill.	Wingo
Connery	James	Richards	Winter
Cook	Jeffers	Robinson, Iowa	Woodruff
Cooper, Ohio	Johnson, S. Dak.	Ronjue	Wright
Cramton	Johnson, Tex.	Rosenbloom	Young
Crowther	Jones	Rubey	
Davis, Minn.	Kelly	Sabath	
Dickinson, Mo.	Kent	Sanders, Tex.	

NAYS—258.

Abernethy	Chindblom	Fenn	Hull, Tenn.
Ackerman	Clancy	Fish	Hull, Morton D.
Aldrich	Clark, Fla.	Fisher	Hull, William B.
Almon	Cleary	Fitzgerald	Humphreys
Andrew	Collins	Foster	Jacobstein
Aswell	Connolly, Pa.	Fredericks	Johnson, Ky.
Bacharach	Cooper, Wis.	Free	Johnson, Wash.
Bacon	Corning	Freeman	Johnson, W. Va.
Barbour	Crisp	Frothingham	Jost
Barkley	Croll	Fulmer	Kearns
Bixler	Crosser	Gallivan	Keller
Black, N. Y.	Cullen	Gasquo	Kendall
Bland	Cummings	Geran	Kerr
Bloom	Curry	Gifford	Kincheloe
Boyce	Dallinger	Glatfelter	Kindred
Boylan	Darrow	Goldsborough	King
Britten	Davey	Graham, Ill.	Knutson
Browne, N. J.	Davis, Tenn.	Graham, Pa.	Kunz
Browning	Deal	Greene, Mass.	Kurtz
Brumm	Denison	Griest	LaGuardia
Buckley	Dickstein	Hadley	Lampert
Bulwinkle	Doughton	Hammer	Langley
Burdick	Doyle	Harrison	Lanham
Burtress	Drane	Hastings	Lankford
Busby	Drewry	Hawes	Larsen, Ga.
Butler	Dyer	Hawley	Lazaro
Byrnes, S. C.	Eagan	Hickey	Lee, Calif.
Byrns, Tenn.	Edmonds	Hill, Ala.	Lee, Ga.
Cable	Elliott	Hill, Md.	Leibach
Campbell	Fairchild	Hooker	Lindsay
Carew	Faust	Huddleston	Lineberger
Celler	Favrot	Hudspeth	Linthicum

Little
Logan
Longworth
Lyon
McKeown
McLeod
McNulty
McReynolds
McSwain
MacGregor
MacLafferty
Madden
Magee, N. Y.
Magee, Pa.
Major, Ill.
Major, Mo.
Manlove
Mansfield
Martin
Mead
Merritt
Michaelson
Miller, Ill.
Miller, Wash.
Mills
Minahan
Montague
Mooney
Moore, Ill.
Moore, Ohio
Moore, Va.
Moore, Ind.
Morgan

Morin
Morris
Morrow
Murphy
Nelson, Me.
Newton, Mo.
Nolan
O'Brien
O'Connell, N. Y.
O'Connell, R. I.
O'Connor, La.
O'Connor, N. Y.
O'Sullivan
Oliver, N. Y.
Paige
Park, Ga.
Parker
Parks, Ark.
Patterson
Peery
Perkins
Perlman
Phillips
Pou
Prall
Purnell
Quayle
Ragon
Ransley
Rayburn
Reece
Reed, Ark.
Reed, N. Y.

Roach
Robison, Ky.
Rogers, Mass.
Rogers, N. H.
Salmon
Sanders, Ind.
Sanders, N. Y.
Schafer
Sears, Fla.
Seger
Shreve
Sites
Smith
Smithwick
Snell
Snyder
Sproul, Ill.
Steagall
Stedman
Stengle
Stephens
Strong, Pa.
Sullivan
Summers, Wash.
Swank
Swoope
Taber
Tague
Taylor, Tenn.
Taylor, W. Va.
Temple
Thatcher
Tillman

Tilson
Tinkham
Treadway
Tucker
Tydings
Underhill
Underwood
Upshaw
Vestal
Vinson, Ga.
Vinson, Ky.
Voigt
Wainwright
Ward, N. C.
Ward, N. Y.
Wason
Watres
Watson
Weaver
Weller
Wertz
White, Me.
Williams, Ill.
Wilson, Miss.
Winslow
Wood
Woodrum
Wurzbach
Wyant
Yates
Zihlman

ANSWERED "PRESENT"—1.

NOT VOTING—19.

Berger
Black, Tex.
Buchanan
Casey
Demsey

Funk
Hersey
Kahn
Kopp
Lilly

McFadden
Reed, W. Va.
Rouse
Sears, Nebr.
Taylor, Colo.

Thomas, Ky.
Vare
Wilson, La.
Wolff

So the amendment was rejected.

The Clerk announced the following pairs:

Until further notice:

Mr. Kahn with Mr. Rouse.
Mr. Reed of West Virginia with Mr. Berger.
Mr. Funk with Mr. Wilson of Louisiana.
Mr. Demsey with Mr. Thomas of Kentucky.
Mr. Hersey with Mr. Buchanan.
Mr. McFadden with Mr. Casey.
Mr. Sears of Nebraska with Mr. Lilly.
Mr. Vare with Mr. Wolff.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Strike out paragraph 5, embraced in lines 16 on page 201, to line 5, on page 202.

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. COLLIER) there were—ayes 232, noes 102.

So the amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment offered by Mr. LARSEN of Georgia: Page 205, line 7, after the word "President" insert "with the advice and consent of the Senate."

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. GREEN of Iowa) there were—ayes 206, noes 159.

So the amendment was agreed to.

The SPEAKER. This concludes the amendments. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. GARNER of Texas. Mr. Speaker, I would like to make a motion to recommit, but I can not qualify as being opposed to the bill.

The SPEAKER. Does any gentleman opposed to the bill desire to make a motion to recommit?

Mr. MILLS. Mr. Speaker, I am opposed to the bill.

The SPEAKER. The Chair recognizes the gentleman from New York.

Mr. MILLS. I move, Mr. Speaker, to recommit the bill to the Committee on Ways and Means, and on that motion I move the previous question.

Mr. CRISP. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CRISP. If the previous question was voted down, the motion would be amendable, would it not?

The SPEAKER. It would. The question is on ordering the previous question.

The question was taken; and on a division (demanded by Mr. MILLS) there were—ayes 223, noes 196.

Mr. GARRETT of Tennessee. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 205, nays 208, answered "present" 1, not voting 17, as follows:

YEAS—205.

Ackerman
Aldrich
Anderson
Anthony
Bacharach
Bacon
Barbour
Beedy
Beers
Begg
Bixler
Boies
Brand, Ohio
Britten
Browne, N. J.
Brumm
Burdick
Burness
Burton
Butler
Cable
Campbell
Christopherson
Clague
Clarke, N. Y.
Cole, Iowa
Cole, Ohio
Colton
Connolly, Pa.
Cooper, Ohio
Cooper, Wis.
Cramton
Crowther
Curry
Dallinger
Darrow
Denison
Dickinson, Iowa
Dowell
Dyer
Edmonds
Elliott
Evans, Iowa
Fairchild
Fairfield
Faust
Fenn
Fish
Fitzgerald
Fleetwood
Foster

Fredericks
Free
Freeman
French
Frothingham
Fuller
Garber
Gibson
Gifford
Graham, Ill.
Graham, Pa.
Green, Iowa
Greene, Mass.
Griest
Hadley
Hardy
Haugen
Hawley
Hickey
Hill, Md.
Hoch
Holaday
Hudson
Hull, Iowa
Hull, Morton D.
Hull, William E.
James
Johnson, S. Dak.
Johnson, Wash.
Kearus
Kelly
Kendall
Ketcham
Kless
King
Knutson
Kurtz
LaGuardia
Langley
Larson, Minn.
Lea, Calif.
Leatherwood
Leavitt
Lehlbach
Lineberger
Little
Longworth
McFadden
McKenzie
McLaughlin, Mich.
McLaughlin, Nebr.
McLeod

MacGregor
MacLafferty
Madden
Magee, Pa.
Magee, N. Y.
Manlove
Mapes
Merritt
Michaelson
Michener
Miller, Ill.
Miller, Wash.
Mills
Moore, Ill.
Moore, Ohio
Moore, Ind.
Morgan
Morin
Murphy
Nelson, Me.
Newton, Minn.
Newton, Mo.
Nolan
Palge
Parker
Patterson
Peavey
Perkins
Perlman
Phillips
Porter
Purnell
Ramseyer
Ransley
Rathbone
Reece
Reed, N. Y.
Reid, Ill.
Roach
Robinson, Iowa
Robison, Ky.
Rogers, Mass.
Rosenbloom
Sanders, Ind.
Sanders, N. Y.
Schall
Scott
Sears, Nebr.
Seger
Shreve
Simmons
Sinnott

Smith
Snell
Snyder
Speaks
Sproul, Ill.
Sproul, Kans.
Stalker
Stephens
Strong, Kans.
Strong, Pa.
Summers, Wash.
Sweet
Swing
Swoope
Taber
Taylor, Tenn.
Temple
Thatcher
Thompson
Tilson
Timberlake
Tinker
Tinkham
Treadway
Underhill
Vailo
Vestal
Vincent, Mich.
Wainwright
Ward, N. Y.
Wason
Watres
Watson
Welsh
Wertz
White, Kans.
White, Me.
Williams, Ill.
Williams, Mich.
Williamson
Winslow
Winter
Wood
Woodruff
Wurzbach
Wyant
Yates
Young
Zihlman

NAYS—208.

Abernethy
Allen
Allgood
Almon
Arnold
Aswell
Ayres
Bankhead
Barkley
Beck
Bell
Black, N. Y.
Bland
Blanton
Bloom
Bowling
Box
Boyce
Boylan
Brand, Ga.
Briggs
Browne, Wis.
Browning
Buckley
Bulwinkle
Busby
Byrnes, S. C.
Byrnes, Tenn.
Canfield
Cannon
Carew
Carter
Casey
Celler
Clancy
Clark, Fla.
Clary
Collins
Connally, Tex.
Connery
Cook
Corning
Crisp
Croll
Crosier
Cullen
Cummings

Davey
Davis, Minn.
Davis, Tenn.
Deal
Dickinson, Mo.
Dickstein
Dominick
Doughton
Doyle
Drane
Drewry
Driver
Eagan
Evans, Mont.
Favrot
Fisher
Fulbright
Fulmer
Gallivan
Gardner, Ind.
Garner, Tex.
Garrett, Tenn.
Garrett, Tex.
Gasque
Geran
Gilbert
Glafelter
Goldborough
Greenwood
Griffin
Hammer
Harrison
Hastings
Hawes
Hayden
Hill, Ala.
Hill, Wash.
Hooker
Howard, Nebr.
Howard, Okla.
Huddleston
Hudspeth
Hull, Tenn.
Humphreys
Jacobstein
Jeffers
Johnson, Ky.
Johnson, Tex.

Johnson, W. Va.
Jones
Jost
Keller
Kent
Kerr
Kincheloe
Kindred
Kunz
Kvale
Lampert
Lanham
Lankford
Larsen, Ga.
Lazaro
Lee, Ga.
Lindsay
Linthicum
Logan
Lowrey
Lozier
Lyon
McClintic
McDuffie
McKeown
McNulty
McReynolds
McSwain
McSweeney
Major, Ill.
Major, Mo.
Mansfield
Martin
Mead
Milligan
Minahan
Montague
Mooney
Moore, Ga.
Moore, Va.
Morehead
Morris
Morrow
Nelson, Wis.
O'Brien
O'Connell, N. Y.
O'Connell, R. I.
O'Connor, La.

O'Connor, N. Y.
O'Sullivan
Oldfield
Oliver, Ala.
Oliver, N. Y.
Park, Ga.
Parks, Ark.
Peery
Pou
Prall
Quayle
Quin
Ragon
Rainey
Raker
Rankin
Rayburn
Reed, Ark.
Richards
Rogers, N. H.
Romjue
Rubey
Sabath
Salmon
Sanders, Tex.
Sandlin
Schafer
Schneider
Sears, Fla.
Shallenberger
Sherwood
Sinclair
Sites
Smithwick
Steagall
Stedman
Stengle
Stevenson
Sullivan
Sumners, Tex.
Swank
Tague
Taylor, W. Va.
Thomas, Okla.
Tillman
Tucker
Tydings
Underwood

Upshaw
Vinson, Ga.
Vinson, Ky.
Voigt

Ward, N. C.
Watkins
Weaver
Wefald

Weller
Williams, Tex.
Wilson, Ind.
Wilson, Miss.

Wingo
Wolff
Woodrum
Wright

ANSWERED "PRESENT"—1.

Luce

NOT VOTING—17.

Andrew
Berger
Black, Tex.
Buchanan
Dempsey

Frear
Funk
Hersey
Kahn
Kopp

Lilly
Reed, W. Va.
Rouse
Taylor, Colo.
Thomas, Ky.

Vare
Wilson, La.

So the motion for the previous question was lost.

The following additional pairs were announced:

Mr. Kahn (for) with Mr. Rouse (against).
Mr. Funk (for) with Mr. Wilson of Louisiana (against).
Mr. Dempsey (for) with Mr. Thomas of Kentucky (against).
Mr. Kopp (for) with Mr. Taylor of Colorado (against).
Mr. Reed of West Virginia (for) with Mr. Berger (against).
Mr. Hersey (for) with Mr. Buchanan (against).
Mr. Vare (for) with Mr. Lilly (against).

The result of the vote was announced as above recorded.

Mr. CRISP. Mr. Speaker, I offer the following substitute for the motion to recommit, and on that I move the previous question.

The SPEAKER. The Clerk will report the substitute for the motion to recommit offered by the gentleman from Georgia.

The Clerk read as follows:

Mr. CRISP offered the following substitute for the motion to recommit offered by the gentleman from New York, Mr. MILLS:

"That H. R. 6715, the bill now under consideration, be, and the same is hereby, recommended to the Committee on Ways and Means with instructions to report the same back instantaneously with Title XII eliminated from the bill."

Mr. CRISP. And on that I demand the previous question. The previous question was ordered.

The SPEAKER. The question is on the amendment as a substitute offered by the gentleman from Georgia.

Mr. CRISP. On that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 68, nays 346, not voting 17, as follows:

YEAS—68.

Allen
Allgood
Beck
Blanton
Browne, Wis.
Browning
Busby
Cannon
Carew
Carter
Collier
Collins
Connally, Tex.
Cooper, Wis.
Crisp
Cresser
Davis, Minn.

Dickinson, Mo.
Evans, Mont.
Frear
Gardner, Ind.
Garner, Tex.
Garrett, Tenn.
Gilbert
Hayden
Howard, Nebr.
Huddleston
Hudspeth
Jacobstein
Johnson, S. Dak.
Keller
Kvale
LaGuardia

Lampert
Lowrey
Lozier
McSwain
Morehead
Nelson, Wis.
Nolan
Oldfield
Peavey
Quin
Raker
Ramseyer
Rankin
Reed, Ark.
Richards
Romjue
Rubey

Sabath
Schafer
Schneider
Shallenberger
Sherwood
Sinclair
Swank
Taylor, W. Va.
Thomas, Okla.
Tillman
Valle
Voigt
Wefald
Williams, Tex.
Williamson
Wilson, Miss.
Wolff

NAYS—346.

Abernethy
Ackerman
Aldrich
Almon
Anderson
Andrew
Anthony
Arnold
Aswell
Ayres
Bacharach
Bacon
Bankhead
Barbour
Barkley
Beedy
Beers
Begg
Bell
Bixler
Black, N. Y.
Bland
Bloom
Boles
Bowling
Box
Boyce
Boylan
Brand, Ga.
Brand, Ohio
Briggs
Britten
Browne, N. J.
Brumm
Buckley
Bulwinkle
Burdick

Burtess
Burton
Butler
Byrnes, S. C.
Byrnes, Tenn.
Cable
Campbell
Canfield
Casey
Celler
Chindblom
Christopherson
Clague
Clancy
Clarke, Fla.
Clarke, N. Y.
Cleary
Cole, Iowa
Cole, Ohio
Colton
Connery
Connolly, Pa.
Cook
Cooper, Ohio
Corning
Cramton
Croll
Crowther
Cullen
Cummings
Curry
Dallinger
Darrow
Davey
Davis, Tenn.
Deal
Dickinson, Iowa

Dickstein
Dominick
Doughton
Dowell
Doyle
Drane
Drewry
Driver
Dyer
Eagan
Edmonds
Elliot
Evans, Iowa
Fairchild
Fairfield
Faust
Favrot
Fenn
Fish
Flisher
Fitzgerald
Fleetwood
Foster
Fredericks
Free
Freeman
French
Frothingham
Fulbright
Fuller
Fulmer
Gallivan
Garber
Gasque
Geran
Gibson
Gifford

Glatfelter
Goldsborough
Graham, Ill.
Graham, Pa.
Green, Iowa
Greene, Mass.
Greenwood
Griest
Griffin
Hadley
Hammer
Hardy
Harrison
Hastings
Haugen
Hawes
Hawley
Hickey
Hill, Ala.
Hill, Md.
Hill, Wash.
Hoch
Holaday
Hooker
Howard, Okla.
Hudson
Hull, Iowa
Hull, Tenn.
Hull, Morton D.
Hull, William E.
Humphreys
James
Jeffers
Johnson, Ky.
Johnson, Tex.
Johnson, Wash.
Johnson, W. Va.

Jones
Jost
Kearns
Kelly
Kendall
Kent
Kerr
Ketcham
Kiehl
Kincheloe
Kindred
King
Knutson
Kunz
Kurtz
Langley
Lanham
Lankford
Larsen, Ga.
Larson, Minn.
Lazaro
Lea, Calif.
Leatherwood
Leavitt
Lee, Ga.
Leibach
Lindsay
Lineberger
Linthicum
Little
Logan
Longworth
Luce
Lyon
McClintic
McDuffie
McFadden
McKenzie
McKeown
McLaughlin, Mich.
McLaughlin, Nebr.
McLeod
McNulty
McReynolds
McSweeney
MacGregor
MacLafferty
Madden
Magee, N. Y.
Magee, Pa.

Major, Ill.
Major, Mo.
Manlove
Mansfield
Mapes
Martin
Mead
Merritt
Michaelson
Michener
Miller, Ill.
Miller, Wash.
Milligan
Mills
Minahan
Montague
Mooney
Moore, Ga.
Moore, Ill.
Moore, Ohio
Moore, Va.
Moores, Ind.
Morgan
Morin
Morris
Morrow
Murphy
Nelson, Me.
Newton, Minn.
Newton, Mo.
O'Brien
O'Connell, N. Y.
O'Connell, R. I.
O'Connor, La.
O'Connor, N. Y.
O'Sullivan
Oliver, Ala.
Oliver, N. Y.
Paige
Park, Ga.
Parker
Parks, Ark.
Patterson
Peery
Perkins
Perman
Phillips
Porter
Pou
Prall

Purnell
Quayle
Ragon
Rainey
Ransley
Rathbone
Rayburn
Reece
Reed, N. Y.
Reid, Ill.
Roach
Robinson, Iowa
Rogers, Mass.
Rogers, N. H.
Rosenbloom
Salmon
Sanders, Ind.
Sanders, N. Y.
Sanders, Tex.
Sandlin
Schall
Scott
Sears, Fla.
Sears, Nebr.
Seger
Shreve
Simmons
Sinnott
Sites
Smith
Smithwick
Snell
Snyder
Speaks
Sproul, Ill.
Sproul, Kans.
Stalker
Steagall
Stedman
Stengle
Stephens
Stevenson
Strong, Kans.
Strong, Pa.
Sullivan
Summers, Wash.
Summers, Tex.
Sweet
Swing

Swoope
Taber
Tague
Taylor, Tenn.
Temple
Thatcher
Thompson
Tilson
Timberlake
Tinker
Tinkham
Treadway
Tucker
Tydings
Underhill
Underwood
Upshaw
Vestal
Vincent, Mich.
Vinson, Ga.
Vinson, Ky.
Walnwright
Ward, N. C.
Ward, N. Y.
Wason
Watkins
Watres
Watson
Weaver
Weller
Welsh
Wertz
White, Kans.
White, Me.
Williams, Ill.
Williams, Mich.
Wilson, Ind.
Wingo
Winslow
Winter
Wood
Woodruff
Woodrum
Wright
Wurzbach
Wyant
Yates
Young
Zihlman

NOT VOTING—17.

Berger
Black, Tex.
Buchanan
Dempsey
Denison

Funk
Hersey
Kahn
Kopp
Lilly

Reed, W. Va.
Robison, Ky.
Rouse
Taylor, Colo.
Thomas, Ky.

Vare
Wilson, La.

So the Crisp substitute for the motion to recommit was rejected.

The Clerk announced the following additional pairs:

Until further notice:

Mr. Funk with Mr. Wilson of Louisiana.
Mr. Dempsey with Mr. Thomas of Kentucky.
Mr. Kahn with Mr. Rouse.
Mr. Reed of West Virginia with Mr. Berger.
Mr. Hersey with Mr. Buchanan.
Mr. Vare with Mr. Black of Texas.
Mr. Denison with Mr. Lilly.

Mr. GALLIVAN. Mr. Speaker, on this roll I voted "no." I am paired with the gentleman from Pennsylvania, Mr. VARE, and I am informed that if he were present, he would vote "no." Therefore I desire to have my vote stand.

The result of the vote was announced as above recorded.

The SPEAKER. The question now is on the motion of the gentleman from New York [Mr. MILLS] to recommit the bill to the Committee on Ways and Means.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 10, noes 322.

So the motion to recommit was rejected.

The SPEAKER. The question now is on the passage of the bill.

Mr. GREEN of Iowa. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 408, nays 8, not voting 15, as follows:

YEAS—408.

Abernethy
Ackerman
Aldrich
Allen
Allgood
Almon
Anderson
Andrew
Anthony
Arnold
Aswell
Ayres
Bacon
Bankhead
Barbour
Barkley

Beck
Beedy
Beers
Begg
Bell
Bixler
Black, N. Y.
Bland
Blanton
Bloom
Boles
Bowling
Box
Boyce
Boylan
Brand, Ga.

Brand, Ohio
Briggs
Britten
Browne, N. J.
Browne, Wis.
Browning
Brumm
Buckley
Bulwinkle
Burdick
Burtess
Burton
Busby
Butler
Byrnes, S. C.
Byrnes, Tenn.

Cable
Campbell
Canfield
Cannon
Carew
Carter
Casey
Celler
Chindblom
Christopherson
Clague
Clancy
Clarke, Fla.
Clarke, N. Y.
Cleary
Cole, Iowa

Cole, Ohio	Hawes	Mansfield	Seger
Collins	Hawley	Mapes	Shallenberger
Colton	Hayden	Martin	Sherwood
Connally, Tex.	Hickey	Mead	Shreve
Connery	Hill, Ala.	Michaelson	Simmons
Connolly, Pa.	Hill, Md.	Michener	Sinclair
Cook	Hill, Wash.	Miller, Ill.	Sinnot
Cooper, Ohio	Hoch	Miller, Wash.	Sites
Cooper, Wis.	Holaday	Milligan	Smith
Corning	Hooker	Minahan	Smithwick
Cramton	Howard, Okla.	Montague	Snell
Crisp	Huddleston	Mooney	Snyder
Croll	Hudson	Moore, Ga.	Speaks
Crosser	Hudspeth	Moore, Ill.	Sprout, Ill.
Crowther	Hull, Morton D.	Moore, Ohio	Sprout, Kans.
Cullen	Hull, William E.	Moore, Va.	Talker
Cummings	Hull, Iowa	Moore, Ind.	Seagall
Curry	Hull, Tenn.	Morehead	Stedman
Dallinger	Humphreys	Morgan	Stengle
Darrow	Jacobstein	Morin	Stephens
Davey	James	Morris	Stevenson
Davis, Minn.	Jeffers	Morrow	Strong, Kans.
Davis, Tenn.	Johnson, Ky.	Murphy	Strong, Pa.
Deal	Johnson, S. Dak.	Nelson, Me.	Sullivan
Denison	Johnson, Tex.	Nelson, Wis.	Summers, Wash.
Dickinson, Iowa	Johnson, Wash.	Newton, Minn.	Sumners, Tex.
Dickson, Mo.	Johnson, W. Va.	Newton, Mo.	Swank
Dickstein	Jones	Nolan	Sweet
Dominick	Jost	O'Brien	Swing
Doughton	Kearns	O'Connell, N. Y.	Swoope
Dowell	Keller	O'Connell, R. I.	Taber
Doyle	Kelly	O'Connor, La.	Tague
Drane	Kendall	O'Connor, N. Y.	Taylor, Tenn.
Drewry	Kent	O'Sullivan	Taylor, W. Va.
Driver	Kerr	Oldfield	Temple
Dyer	Ketcham	Oliver, Ala.	Thatcher
Eagan	Kless	Oliver, N. Y.	Thomas, Okla.
Edmonds	Kincheloe	Palge	Thompson
Elliot	Kindred	Park, Ga.	Tillman
Evans, Iowa	King	Parker	Timberlake
Evans, Mont.	Knutson	Parks, Ark.	Tincher
Fairchild	Kunz	Patterson	Tinkham
Fairfield	Kurtz	Peavey	Treadway
Faust	Kvale	Peery	Tucker
Favrot	LaGuardia	Perkins	Tydings
Fish	Lampert	Perlman	Underhill
Fisher	Langley	Phillips	Underwood
Fitzgerald	Lanham	Porter	Upshaw
Fleetwood	Lankford	Pou	Valle
Poster	Larsen, Ga.	Prall	Vestal
Frear	Larson, Minn.	Purnell	Vincent, Mich.
Fredericks	Lazaro	Quayle	Vinson, Ga.
Free	Lea, Calif.	Quin	Vinson, Ky.
Freeman	Leatherwood	Ragon	Voigt
French	Leavitt	Rainey	Ward, N. C.
Frothingham	Lee, Ga.	Raker	Ward, N. Y.
Fulbright	Lehlbach	Ramseyer	Wason
Fuller	Lindsay	Rankin	Watkins
Gallivan	Lineberger	Ransley	Watres
Garber	Linthicum	Rathbone	Watson
Gardner, Ind.	Little	Rayburn	Weaver
Garner, Tex.	Logan	Reece	Wefald
Garrett, Tenn.	Longworth	Reed, Ark.	Weller
Garrett, Tex.	Lowrey	Reed, N. Y.	Welsh
Gasque	Lozier	Reid, Ill.	Wertz
Getan	Luce	Richards	White, Kans.
Gibson	Lyon	Roach	White, Me.
Gifford	McClintic	Robinson, Iowa	Williams, Ill.
Gilbert	McDuffie	Robison, Ky.	Williams, Mich.
Glatfelter	McKenzie	Rogers, Mass.	Williams, Tex.
Goldsborough	McKeown	Rogers, N. H.	Williamson
Graham, Ill.	McLaughlin, Mich.	Romjue	Wilson, Ind.
Graham, Pa.	McLaughlin, Nebr.	Rosenbloom	Wilson, Miss.
Green, Iowa	McLeod	Rubey	Wingo
Greene, Mass.	McNulty	Sabath	Winglow
Greenwood	McReynolds	Salmon	Winter
Griest	McSwain	Sanders, Ind.	Wolf
Griffin	McSweeney	Sanders, N. Y.	Wood
Hadley	MacGregor	Sanders, Tex.	Woodruff
Hammer	MacLafferty	Sandlin	Woodrum
Hardy	Madden	Schafer	Wright
Harrison	Magee, N. Y.	Schall	Wurzbach
Hastings	Magee, Pa.	Schnelder	Wyant
Haugen	Major, Ill.	Scott	Yates
	Major, Mo.	Sears, Fla.	Young
	Manlove	Sears, Nebr.	Zihlman

NAYS—8.

Bacharach	Howard, Nebr.	Merritt	Tilson
Fenn	McFadden	Mills	Wainwright

NOT VOTING—15.

Berger	Funk	Lilly	Thomas, Ky.
Black, Tex.	Hersey	Reed, W. Va.	Vare
Buchanan	Kahn	Rouse	Wilson, La.
Dempsey	Kopp	Taylor, Colo.	

So the bill was passed.

The Clerk announced the following additional pairs:
Until further notice:

Mr. Funk with Mr. Wilson of Louisiana.
Mr. Dempsey with Mr. Thomas of Kentucky.
Mr. Vare with Mr. Black of Texas.
Mr. Hersey with Mr. Buchanan.
Mr. Kahn with Mr. Rouse.
Mr. Reed of West Virginia with Mr. Lilly.

Mr. GALLIVAN. Mr. Speaker, the gentleman from Pennsylvania, Mr. VARE, is unavoidably absent. If he were present, he would vote "yea."

Mr. KINCHELOE. Mr. Speaker, I am authorized by my colleague, Mr. ROUSE, who is unavoidably absent, to say that if he were present he would vote "yea."

The result of the vote was announced as above recorded.
On motion of Mr. GREEN of Iowa, a motion to reconsider the vote whereby the bill was passed was laid on the table.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. BLACK of Texas (at the request of Mr. GARNER of Texas), for 10 days, on account of the death of his brother;

To Mr. BUCHANAN, for 10 days, on account of illness in his family; and

To Mr. REID of Illinois, for five days, on account of important business.

REVENUE ACT OF 1924.

Mr. BROWNE of New Jersey. Mr. Speaker, when the tax-reduction plans were presented for public discussion and believing that tax reduction was a national and not a partisan issue I went to my district to find out the wishes of my constituency upon these plans. I invited suggestions and advice. I wrote many personal letters and published in the press an appeal for instruction. This appeal was as follows:

In the near future an opportunity will be given to the Members of the House of Representatives to vote upon a tax-reduction plan. Perhaps we shall have to choose between two or three or more. It is my desire to be able to vote on this subject in an intelligent manner, without bias due to party affiliations. I am, therefore, taking the liberty of asking all qualified persons within the district to let me know their views. Which of the plans under discussion do you think would best serve the country? I should like to hear your reasons for your preference.

I ask this because we have received hundreds of printed letters asking us to support, for example, the Mellon plan and signed "on the dotted line," and most of these letters have come from persons who haven't read any plan and who do not know that there is more than one plan under consideration. One reasoning letter from a person in whose intelligence and disinterestedness I have confidence would be worth more than all the printed appeals put together. For this reason I ask your advice.

I received many well-thought-out replies, and the sentiment in my district seemed to be overwhelmingly in favor of the plan suggested by the Secretary of the Treasury.

Upon my return I was surprised to learn that it was the intention of the leaders of my party to bind all of its members by a caucus to the so-called Democratic plan as proposed by Mr. GARNER. I protested to the minority leader before the caucus was held on the grounds that the plan had not been discussed among the Democratic Members and also, inasmuch as all parties and all Members of the House wanted tax reduction, it could not be considered an exclusive principle of any party. I was not present at the caucus. After the action by the caucus and before a vote was taken upon the tax bill I again wrote to the minority leader, explaining to him what I had done to ascertain the wishes of the residents in my district, and saying that in justice to them and to myself I could not allow myself to be bound by a caucus to which I was not a party. While it is not necessary to discuss the point here, I may say that I consider a binding caucus an archaic custom and wrong in principle; carried to its logical conclusion, we should each of us give his or her proxy to the respective party leaders and then retire for the rest of the session. I make this explanation in order to show that though I have in no way weakened in my adherence to the principles of the Democratic Party I must claim my inherent, if not constitutional, right to vote in accordance with the wishes of my constituents and in conformity with my convictions. For the reasons here given, I voted in the House Friday, February 29, for the Mellon plan—under the Hawley resolution—because I believed it represents the wishes of my constituents. The House failing to adopt the Mellon plan, I then voted for the next best plan obtainable, which is the compromise which was finally adopted.

Mr. MILLS. Mr. Speaker, I can not support the bill with the Longworth rates. As I see it, real questions of principle are at stake, and the Longworth compromise, though in many respects better than the Garner plan, is equally inconsistent with those principles.

Forty-three and one-half per cent—6 per cent normal and 37½ per cent surtax—of income can be no more easily collected than 50 per cent, and we know from experience that a 50 per cent tax merely invites evasion. A tax which can not be collected is a dishonest tax. A law which can not be enforced is a fraud. When, in addition, this mere shaking of fists at the rich, this threatening, if ineffective, gesture, has deplorable economic results it is simply indefensible.

In the second place, the inheritance-tax situation throughout the country, with the double and triple taxation of the same

estate by two or more States, is sufficiently chaotic without further haphazard interference by the Federal Government. Here is a field for wise tax reform in which I am satisfied the Federal Government must take the lead in working out a comprehensive and constructive program of readjustment. The difficulties are enormous. They can not be overcome without a thorough and painstaking investigation and study. An arbitrary increase in rates without hearings, without consideration, after a short two hours of debate, is trifling with a most important question and must have most unfortunate results.

Finally, the bill will in all probability produce a deficit, a smaller deficit than the Garner rates, but still a deficit. This is a major defect in a revenue bill, justifying its rejection.

Mr. GRIEST. Mr. Speaker, the pending tax bill if enacted into law will take its place among more than three score tax measures placed upon the statute books of the United States since the beginning of our Government.

I present the following compilation of all these measures, giving the date of their enactment and the taxable subjects referred to therein, for the information of the Congress and the country. It is believed by the officials of the Legislative Reference Division of the Library of Congress that the enactments named below cover all the tax laws other than tariff acts and purely administrative and repealing provisions enacted by Congress since the establishment of our Government:

INTERNAL REVENUE LAWS, 1789-1923.

(Exclusive of taxes on liquor and tobacco, administrative provisions, and laws merely repealing taxes.)

Act of June 5, 1794: Tax on carriages (1 Stat. 373-375).

Act of June 5, 1794: Tax on snuff and refined sugar (1 Stat. 384-390).

Act of June 9, 1794: Tax on property sold at auction (1 Stat. 397-400).

Act of May 28, 1796: Tax on carriages (1 Stat. 478-482).

Act of July 6, 1797: Tax on vellum, parchment, and paper, including paper used for certificates of naturalization, licenses of attorneys, letters patent, charter parties, bottomry and respondentia bonds, receipts for legacies, insurance policies, exemplifications, bonds, bills of exchange, promissory notes, protests, powers of attorney, drawback certificates and debentures, bills of lading, inventories, insurance and bank shares (1 Stat. 527-532).

Act of February 28, 1799: Amendment of act of July 6, 1797 (1 Stat. 622-624).

Act of July 24, 1813: Tax on refined sugar (3 Stat. 35-38).

Act of July 24, 1813: Tax on carriages (3 Stat. 40-41).

Act of July 24, 1813: Tax on sales at auction (3 Stat. 44-47).

Act of August 2, 1813: License tax on retailers of liquor and foreign merchandise (3 Stat. 72-73).

Act of August 2, 1813: Tax on bank notes, bonds, and bills of exchange (3 Stat. 77-81).

Act of December 15, 1814: Tax on carriages (3 Stat. 148-151).

Act of December 23, 1814: Tax on sales at auction, license tax on retailers of liquors and foreign merchandise (3 Stat. 159-161).

Act of January 18, 1815: Tax on manufactured iron, candles, hats, umbrellas, paper, playing and visiting cards, saddles and bridles, boots, leather (3 Stat. 180-186).

Act of January 18, 1815: Tax on household furniture and watches (3 Stat. 186-192).

Act of February 27, 1815: Tax on gold, silver, and jewelry (3 Stat. 217).

Act of August 5, 1861: Tax on incomes over \$800 (12 Stat. 309-311).

Act of July 1, 1862: Tax on candles, coal, oil, gas, coffee, spices, sugar, confectionery, chocolate, saleratus, starch, gunpowder, white lead, oxide of zinc, sulphate of barytes, paints, clock movements, pins, umbrellas, screws, manufactured iron, stoves, paper, soap, salt, pickles, glue, cement, leather, hides, hose, varnish, furs, cloth, jewelry, cotton, manufactures of nonenumerated articles, sales at auction, carriages, yachts, billiard tables, gold and silver plate, slaughtered cattle, etc., railroad, etc., receipts, railroad bonds, banks, insurance companies, advertisements, incomes, contracts, checks, bills of exchange, bills of lading, express receipts, bonds, certificates, charter parties, conveyances, telegraph messages, entry of merchandise, insurance policies, leases, manifests, mortgages, tickets, powers of attorney, letters of administration, protests, warehouse receipts, writs, etc., medicinal preparations, perfumery, playing cards, legacies. License tax on bankers, auctioneers, retail dealers, wholesale dealers, pawnbrokers, innkeepers, brokers, theaters, circuses, jugglers, bowling alleys, billiard rooms, confectioners, horse dealers, livery-stable keepers, tallow chandlers and soap makers, coal-oil distillers, peddlers, apothecaries, manufacturers, photographers, lawyers, physicians, surgeons, dentists, claim and patent agents (12 Stat. 432-489).

Act of July 16, 1862: Tax on sugar (12 Stat. 588).

Act of March 3, 1863: Amendment of act of July 1, 1862, adding license tax on architects and civil engineers, builders and contractors,

owners of stallions and jacks, lottery-ticket dealers, insurance agents, butchers; taxes on marine engines, rivets, etc., rolled brass, sails, tents, etc., mineral waters, gold leaf, clocks (12 Stat. 713-731).

Act of June 30, 1864: License tax on bankers, wholesale dealers, retail dealers, lottery-ticket dealers, horse dealers, livery-stable keepers, brokers, pawnbrokers, coal-oil distillers, innkeepers, confectioners, claim and patent agents, real estate agents, conveyancers, intelligence-office keepers, insurance agents, auctioneers, manufacturers, peddlers, apothecaries, photographers, butchers, theaters, museums, concert halls, circuses, jugglers, bowling alleys, billiard rooms, gift enterprises, owners of stallions and jacks, lawyers, physicians, surgeons, dentists, architects, civil engineers, builders and contractors, plumbers and gasfitters, assayers, and unspecified occupations. Tax on candles, coal, oil, gas, turpentine, coffee, pepper, molasses, sirup, sugar, candy, chocolate, saleratus, starch, gunpowder, white lead, oxide of zinc, sulphate of barytes, paints, varnish, glue, cement, pins, screws, clocks, umbrellas, gold leaf, paper, soap, chemicals, essential oils, pickles, billheads, books, lithographs, engravings, photographs, repairs of engines, etc., hulls of vessels, building stone, marble, brick, masts, spars, etc., furniture, salt, sails, tents, etc., mineral waters, manufactured iron, stoves, rivets, etc., steam engines, quicksilver, copper and lead, rolled brass, leather, hides, furs, cloth, clothing, cotton, jewelry, bullion, sales at auction, sales by brokers, carriages, yachts, billiard tables, watches, musical instruments, gold and silver plate, slaughtered cattle, etc., railroad, etc., receipts, express companies, insurance companies, passports, telegraph companies, theaters, operas, circuses, museums, banks, lotteries, advertisements, incomes, legacies, etc., contracts, checks, bills of exchange, bills of lading, bills of sale, bonds, certificates, charter parties, conveyances, entry of merchandise, insurance policies, leases, manifests, measurer's returns, mortgages, tickets, powers of attorney, proxies, letters of administration, protests, receipts, writs, etc., medicinal preparations, perfumery, matches, photographs, playing cards (13 Stat. 223-306).

Act of July 4, 1864: Tax on incomes over \$600 for 1863 (13 Stat. 417).

Act of March 3, 1865: Amendment of act of June 30, 1864. Adds license tax on miners, expressmen, substitute brokers, insurance brokers (13 Stat. 469-482).

Act of July 13, 1866: Amendment of act of June 30, 1864. Tax on cotton, candles, gas, oil, turpentine, coffee, molasses, sirup, sugar, candy, chocolate and cocoa, gun cotton, gunpowder, varnish, glue, cement, pins, photographs, screws, clocks, soap, essential oils, furniture, salt, scales, pumps, tinware, manufactured iron, hides, leather, liquors, cloth, clothing, paper, manufactures, jewelry, bullion, sales at auction, sales by brokers, carriages, watches, billiard tables, gold and silver plate, railroad, etc., receipts. License tax on bankers, wholesale dealers, retail dealers, lottery-ticket dealers, horse dealers, livery-stable keepers, brokers, pawnbrokers, innkeepers, confectioners, claim and patent agents, real estate agents, conveyancers, intelligence-office keepers, insurance agents, auctioneers, manufacturers, peddlers, apothecaries, photographers, butchers, proprietors of theaters, museums, and concert halls, circuses, jugglers, bowling alleys, billiard rooms, gift enterprises, owners of stallions and jacks, lawyers, physicians, surgeons, dentists, architects, civil engineers, builders and contractors, plumbers and gasfitters, assayers, miners, express carriers and agents, grinders of coffee and spices (14 Stat. 98-173).

Act of March 2, 1867: Amendment of act of June 30, 1864, etc. (14 Stat. 471-485).

Act of July 20, 1868: Special taxes on liquor and tobacco manufacturers, dealers, etc. (15 Stat. 150-152).

Act of April 10, 1869: Special taxes on liquor dealers (16 Stat. 42).

Act of July 14, 1870: Tax on incomes over \$2,000 for 1870 and 1871 (16 Stat. 257-261).

Act of June 6, 1872: Special taxes on tobacco manufacturers, dealers, etc. (17 Stat. 250-271).

Act of February 8, 1875: Tax on checks and bank notes. Special taxes on liquor dealers, etc. (18 Stat. 310-311).

Act of March 1, 1879: Special taxes on liquor dealers, etc. (20 Stat. 333, sec. 4).

Act of March 1, 1879: Special tax on dealers in leaf tobacco (20 Stat. 343, sec. 14).

Act of March 3, 1883: Special taxes on tobacco manufacturers, dealers, etc. (22 Stat. 488, sec. 2).

Act of August 2, 1886: Tax on oleomargarine (24 Stat. 209-213).

Act of October 1, 1890: Tax on opium (25 Stat. 620-621).

Act of August 27, 1894: Tax on incomes over \$4,000 and on playing cards (28 Stat. 553-562).

Act of June 6, 1896: Tax on filled cheese (29 Stat. 253-256).

Act of June 13, 1898: War revenue act. Special tax on bankers, brokers, pawnbrokers, proprietors of theaters, museums, concert halls, circuses, public exhibitions, bowling alleys, and billiard rooms, and tobacco manufacturers, dealers, etc. Tax on bonds, debentures, certificates, sales, etc., on exchanges, checks, bills of exchange, bills of lading, telephone messages, charter parties, contracts, conveyances, telegrams, entry of merchandise, insurance policies, leases, manifests,

mortgages, tickets, powers of attorney, proxies, protests, warehouse receipts, medicinal preparations, perfumery, chewing gum, refiners of sugar and petroleum, legacies, mixed flour (30 Stat. 448-470).

Act of March 2, 1901: Amendment of war revenue act. Special tax on bankers, brokers, pawnbrokers, proprietors of theaters, museums, and concert halls, circuses, public exhibitions, bowling alleys, billiard rooms. Tax on bonds, debentures, certificates, sales, etc.; on exchanges, bills of exchange, bills of lading, bonds, contracts, conveyances, entry of merchandise, tickets (31 Stat. 938-950).

Act of May 9, 1902: Tax on oleomargarine, etc. (32 Stat. 193-197.)

Act of August 5, 1909: Tax on corporations. (36 Stat. 112-117.)

Act of April 9, 1912: Tax on white phosphorous matches. (37 Stat. 81-84.)

Act of October 3, 1913: Tax on incomes over \$3,000. (38 Stat. 166-181.)

Act of January 17, 1914: Tax on opium. (38 Stat. 277-278.)

Act of August 18, 1914: Tax on cotton exchanges. (38 Stat. 693-698.)

Act of October 22, 1914: Practically identical with war revenue act of 1898. (38 Stat. 745-764.)

Act of September 8, 1916: Tax on incomes over \$3,000; on estates, munition manufacturers, corporations, brokers, pawnbrokers, proprietors of theaters, museums, concert halls, circuses, public exhibitions, bowling alleys, and billiard rooms, and manufacturers of tobacco, cigars, and cigarettes. (39 Stat. 756-801.)

Act of March 3, 1917: Tax on profits of over 8 per cent; increase of estate tax. (39 Stat. 1000-1004.)

Act of October 3, 1917: Increase of tax on incomes and estates; tax on war excess profits, soft drinks, transportation, telegraph and telephone messages, insurance, motor vehicles, musical instruments, moving-picture films, jewelry, sporting goods, toilet articles, proprietary medicines, chewing gum, cameras, yachts, motor boats, admissions, dues, bonds, stock issues and transfers, sales on exchanges, notes, deeds, customhouse entries, tickets, proxies, powers of attorney, playing cards, parcel-post packages. (40 Stat. 300-338.)

Act of February 24, 1919: Tax on incomes over \$1,000, war profits and excess profits, estates, transportation, telegraph and telephone messages, insurance, soft drinks, ice-cream parlors, admissions, dues, motor vehicles, musical instruments, sporting goods, chewing gum, cameras, films, etc., candy, weapons, fans, thermos bottles, smokers' articles, slot machines, liveries, hunting garments, furs, yachts, motor boats, works of art, miscellaneous luxuries, etc., jewelry, motion-picture rentals, toilet articles, proprietary medicines, corporations, brokers, pawnbrokers, proprietors of theaters, museums, concert halls, circuses, public exhibitions, bowling alleys, billiard rooms, shooting galleries, riding academies, and taxicabs, brewers, distillers, liquor dealers, etc., manufacturers of tobacco, etc., opium, etc., bonds, stock issues and transfers, sales on exchanges, notes, deeds, customhouse entries, tickets, proxies, powers of attorney, playing cards, parcel-post packages, insurance, products of factories, etc., employing child labor. (40 Stat. 1057-1152.)

Act of November 23, 1921: Tax on incomes over \$1,000, war profits and excess profits (for one year only), estates, telegraph and telephone messages, soft drinks, admissions, dues, motor vehicles, cameras, films, etc.; candy, weapons, smokers' articles, slot machines, liveries, hunting garments, yachts, motor boats, works of art, miscellaneous luxuries, etc.; jewelry, corporations, brokers, pawnbrokers, proprietors of theaters, museums, concert halls, circuses, public exhibitions, bowling alleys, billiard rooms, shooting galleries, riding academies and taxicabs, brewers, distillers, liquor dealers, etc.; manufacturers of tobacco, etc.; narcotics, bonds, stock issues and transfers, sales on exchanges, notes, deeds, customhouse entries, tickets, proxies, powers of attorney, playing cards, insurance; products of factories, etc., employing child labor (42 Stat. 227-321).

ACTS OF CONGRESS IMPOSING TAXES ON WINES, 1789-1923.

Act of July 1, 1862: Rate, 5 cents per gallon, on grape wine only (12 Stat. 465, sec. 75).

Act of June 30, 1864: Rates, 5 cents per gallon on grape wine; 50 cents per gallon on other wines not made from currants, rhubarb or berries and mixed with other spirits (13 Stat. 269, sec. 94).

Act of March 3, 1865: Increase of 20 per cent of duties levied by act of June 30, 1864 (13 Stat. 483, sec. 5).

Act of July 13, 1866: Tax on wines not made from grapes, currants, rhubarb, or berries and mixed with other spirits, 50 cents per gallon (p. 158, sec. 36); tax on wines in imitation of champagne or sparkling wine, put up in bottles, \$3 to \$6 per dozen bottles (14 Stat. 131).

Act of July 20, 1868, amended by act of July 27, 1868: Tax on imitation wines and liquor mixed with other spirits to be sold as wine, \$3 to \$6 per dozen bottles (15 Stat. 144, sec. 48; 15 Stat. 238).

Act of June 6, 1872: Tax on imitation wines and compounds as in act of July 20, 1868, 10 cents per bottle and up, depending on size (17 Stat. 240).

Act of June 13, 1898: Stamp tax on all wines bottled for sale, 1 or 2 cents per bottle (30 Stat. 451, secs. 6, 463).

Act of March 2, 1901: Same as act of June 13, 1898 (31 Stat. 940, secs. 5, 940).

Act of October 22, 1914: Stamp tax on still wines, one-half to 2 cents per bottle, or at rate of 8 cents per gallon; on sparkling wines, 5 to 20 cents per bottle, or at rate of 20 cents per quart. Tax of 55 cents per gallon on wine spirits used in rectification (38 Stat. 746-747).

Act of September 8, 1916: Tax on still wines and imitations, etc., 4 cents per gallon on wine containing up to 14 per cent alcohol; 10 cents per gallon on wine containing between 14 per cent and 21 per cent alcohol; 25 cents per gallon on wines containing between 21 per cent and 24 per cent alcohol (p. 784, sec. 402 (c)). Tax of 10 cents a gallon on wine spirits used in fortification (p. 786, sec. 402 (c)). Tax on sparkling wines, 3 cents on each half pint or fraction thereof; on artificially carbonated wine, 1½ cents on each half pint or fraction (39 Stat. 783, sec. 402 (a)).

Act of October 3, 1917: Additional tax of 15 cents per proof gallon on wines refined or rectified by persons classed as rectifiers (p. 311, sec. 311). Additional tax on wine spirits used in fortification, equal to double the tax under act of September 8, 1916 (40 Stat. 310, sec. 304).

Act of February 24, 1919: Tax of 30 cents per gallon on wines refined or mixed by persons classed as rectifiers (p. 1110, sec. 611). Tax on still wines, imitations, etc.; 16 cents per gallon on wine containing up to 14 per cent alcohol; 40 cents per gallon on wine containing between 14 and 21 per cent alcohol; \$1 per gallon on wine containing between 21 per cent and 24 per cent alcohol (sec. 612). Tax of 60 cents per gallon on wine spirits used in fortification. (Sec. 613). Tax on sparkling wines, 12 cents per half pint or fraction thereof; on artificially carbonated wine, 6 cents per half pint or fraction (40 Stat. 1108, sec. 605).

ACTS OF CONGRESS IMPOSING TAXES ON DISTILLED SPIRITS, 1789-1923.

Act of March 3, 1791: Tax according to hydrometric proof; on spirits distilled from foreign materials, from 11 to 30 cents a gallon; on spirits distilled from domestic materials, from 9 to 25 cents a gallon (1 Stat. 202, sec. 14; 203, sec. 15).

Act of May 8, 1792: Tax according to class of proof; on spirits distilled from foreign materials, from 10 to 25 cents a gallon; on spirits distilled from domestic materials, from 7 to 18 cents a gallon (1 Stat. 267).

Act of December 21, 1814: Tax of 20 cents a gallon on spirits distilled from foreign or domestic materials (3 Stat. 152).

Act of July 1, 1862: Tax of 20 cents a gallon of first proof, with proportionate increase for greater strength (12 Stat. 447, sec. 41).

Act of March 7, 1864: Tax of 60 cents a gallon of first proof, with proportionate increase for greater strength (13 Stat. 14, sec. 1).

Act of June 30, 1864: Tax of \$1.50 a gallon from July 1, 1864, to February 1, 1865 (by act of December 22, 1864 (13 Stat. 420), this date was changed to January 1, 1865); after February 1, 1865 (by act of December 22, 1864 (13 Stat. 420), this date was changed to January 1, 1865), \$2; tax on brandy distilled from grapes, 25 cents a gallon (13 Stat. 243, sec. 55; 244, sec. 58).

Act of March 3, 1865: Tax on brandy distilled from grapes increased to 50 cents a gallon; tax on brandy distilled from apples or peaches fixed at \$1.50 a gallon (13 Stat. 472).

Act of July 13, 1866: Tax of \$2 a proof gallon (14 Stat. 157, sec. 32).

Act of March 2, 1867: Tax of \$2 a proof gallon; tax on brandy made from grapes, \$1 a gallon (14 Stat. 477, sec. 12; 480, sec. 14).

Act of July 20, 1868: Tax of 50 cents a proof gallon (15 Stat. 125, sec. 1).

Act of June 6, 1872: Tax of 70 cents a proof gallon (17 Stat. 238, sec. 12).

Act of March 3, 1875: Tax of 90 cents a proof gallon (18 Stat. 339, sec. 1).

Act of August 27, 1894: Tax of \$1.10 a proof gallon (28 Stat. 563, sec. 48).

Act of October 3, 1917: Tax of \$1.10 (or \$2.10 if for beverage purposes) a proof gallon in addition to existing tax. Additional tax for rectifying, 15 cents a proof gallon (40 Stat. 308, sec. 300; 309, sec. 303; 310, sec. 304).

Act of February 24, 1919: Tax of \$2.20 (or \$6.40 if for beverage purposes) a proof gallon. Floor tax of \$3.20 a proof gallon on stock on hand if intended for beverage purposes. Additional tax for rectifying, 30 cents a proof gallon (40 Stat. 1105, 1107, 1108).

Act of November 23, 1921: Tax of \$4.20 a proof gallon on spirits diverted from nonbeverage to beverage purposes (42 Stat. 285, sec. 600).

ACTS OF CONGRESS IMPOSING TAXES ON CIGARS AND CIGARETTES.

Act of January 18, 1815: Duty on "manufactured segars," 20 per cent ad valorem (3 Stat. 180, sec. 1).

Act of July 1, 1862: Rate on cigars, \$1.50 to \$3.50 per thousand, according to value (12 Stat. 464, sec. 75).

Act of June 30, 1864: Rate on cigarettes: (a) If paper wrapped, \$1 per hundred packages; (b) if wholly of tobacco, including cheroots, \$3 per thousand. Rate on cigars, \$8 to \$40 per thousand, according to value (13 Stat. 270, sec. 94).

Act of March 3, 1865: Rate on cigarettes in paper wrappers, 5 cents per package; on cigarettes and cigars made wholly of tobacco, \$10 per thousand (13 Stat. 477).

Act of July 13, 1866: Rate on cigars and cigarettes valued at not over \$8 per thousand, \$2 per thousand; valued between \$8 and \$12, \$4 per thousand; valued at over \$12, \$4 per thousand plus 20 per cent ad valorem (14 Stat. 133).

Act of March 2, 1867: Rate on all cigars and cigarettes, \$5 per thousand (14 Stat. 474).

Act of July 20, 1868: Rate on all cigars, \$5 per thousand; on cigarettes weighing not more than 3 pounds per thousand, \$1.50 per thousand; weighing over 3 pounds per thousand, \$5 per thousand (15 Stat. 160, sec. 81).

Act of March 3, 1875: Increase of rates prescribed by act of July 20, 1868 (as included in R. S. 8394), from \$5 to \$6 (18 Stat. 339, sec. 2).

Act of March 3, 1883: Rate on all cigars, \$3 per thousand; on cigarettes weighing not over 3 pounds per thousand, 50 cents per thousand; weighing over 3 pounds per thousand, \$3 per thousand (22 Stat. 489, sec. 4).

Act of July 24, 1897: Rate on cigars and cigarettes weighing over 3 pounds per thousand, \$3 per thousand; weighing not over 3 pounds per thousand, \$1 per thousand (30 Stat. 206, sec. 10).

Act of June 13, 1898: Rate on cigars and cigarettes weighing more than 3 pounds per thousand, \$3.60 per thousand; on cigars weighing not more than 3 pounds, \$1 per thousand; on cigarettes weighing not more than 3 pounds, \$1.50 per thousand (30 Stat. 449, sec. 3).

Act of March 2, 1901: Rate on cigars weighing over 3 pounds per thousand, \$3 per thousand; weighing not more than 3 pounds, 18 cents a pound. Rate on cigarettes (all weighing not more than 3 pounds per thousand), 18 cents per pound, if valued at not over \$2 per thousand; 36 cents a pound if valued at more than \$2 per thousand (31 Stat. 939, sec. 3).

Act of April 12, 1902: Same as act of March 2, 1901 (32 Stat. 97, sec. 3).

Act of August 5, 1909: Rate on cigars weighing over 3 pounds per thousand, \$3 per thousand; weighing not more than 3 pounds, 75 cents per thousand. Rate on cigarettes weighing over 3 pounds, \$3.60 per thousand; weighing not over 3 pounds, \$1.25 per thousand (36 Stat. 110, sec. 33).

Act of October 3, 1917: Rates as follows: Cigars (a) weighing not more than 3 pounds per thousand, 25 cents per thousand; (b) weighing more than 3 pounds per thousand, from \$1 to \$7 per thousand according to intended retail price; cigarettes (a) weighing not more than 3 pounds per thousand, 80 cents per thousand; (b) weighing more than 3 pounds per thousand, \$1.20 per thousand (40 Stat. 312, sec. 400).

Act of February 24, 1919: Rates as follows: Cigars (a) weighing not more than 3 pounds per thousand, \$1.50 per thousand; (b) weighing more than 3 pounds per thousand, \$4 to \$15 per thousand, according to intended retail price; cigarettes (a) weighing not more than 3 pounds per thousand, \$3 per thousand; (b) weighing more than 3 pounds, \$7.20 per thousand (40 Stat. 1116, sec. 700).

Act of November 23, 1921: Same as act of February 24, 1919. (42 Stat. 286, sec. 700.)

FEDERAL TAXATION OF FERMENTED LIQUORS, 1789-1923.

Act of July 1, 1862: Rate, \$1 per barrel of 31 gallons (12 Stat. 450, sec. 50).

Act of March 3, 1863: Rate, 60 cents per barrel of 31 gallons (12 Stat. 723, sec. 12).

Act of June 30, 1864: Same as act of July 1, 1862 (13 Stat. 246, sec. 64).

Act of July 13, 1866: Same as act of July 1, 1862 (14 Stat. 184, sec. 48).

Act of March 2, 1867: Same as act of July 1, 1862 (14 Stat. 475, sec. 10).

Act of June 6, 1872: Same as act of July 1, 1862 (17 Stat. 245, sec. 18).

Act of March 3, 1873: Same as act of July 1, 1862 (17 Stat. 586).

Act of June 13, 1898: Rate, \$2 per barrel of 31 gallons (30 Stat. 448, sec. 1).

Act of March 2, 1901: Rate, \$1.60 per barrel of 31 gallons (31 Stat. 938, sec. 1).

Act of April 12, 1902: Rate, \$1 per barrel of 31 gallons (32 Stat. 96, sec. 1).

Act of October 22, 1914: Rate, \$1.50 per barrel of 31 gallons (38 Stat. 745).

Act of September 8, 1916: Rate, \$1.50 per barrel of 31 gallons (39 Stat. 783, section. 400).

Act of October 3, 1917: Rate, \$1.50 per barrel of 31 gallons, in addition to existing tax (40 Stat. 311, sec. 307).

Act of February 24, 1919: Rate, \$6 per barrel of 31 gallons (40 Stat. 1109, sec. 608).

FEDERAL TAXATION OF TOBACCO, 1789-1923.

Act of January 13, 1815: Rate, 20 per cent ad valorem (3 Stat. 180). Act of July 20, 1868: Rate, 16 and 32 cents a pound (15 Stat. 152-153).

Act of June 6, 1872: Rate, 20 cents a pound (17 Stat. 250).

Act of March 3, 1875: Rate, 24 cents a pound (18 Stat. 339, sec. 2).

Act of March 1, 1879: Rate, 16 cents a pound (20 Stat. 343, sec. 14).

Act of March 3, 1883: Rate, 8 cents a pound (22 Stat. 489, sec. 4).

Act of October 1, 1890: Rate, 6 cents a pound (26 Stat. 619, sec. 30).

Act of June 13, 1898: Rate, 12 cents a pound (30 Stat. 449, sec. 3).

Act of April 12, 1902: Rate, 6 cents a pound (32 Stat. 96, sec. 3).

Act of August 5, 1909: Rate, 8 cents a pound (36 Stat. 109, sec. 31).

Act of October 3, 1917: Rate, 5 cents a pound, in addition to existing tax (40 Stat. 313, sec. 401).

Act of February 24, 1919: Rate, 18 cents a pound (40 Stat. 1117, sec. 701).

Act of November 23, 1921: Rate: 18 cents a pound (42 Stat. 287, sec. 701).

ACTS OF CONGRESS IMPOSING DIRECT TAXES.

Act of July 14, 1798: Levy of \$2,000,000 (1 Stat. 597, sec. 1).

Act of August 2, 1813: Levy of \$3,000,000 (3 Stat. 53, sec. 1).

Act of January 9, 1815: Levy of \$6,000,000 annually (3 Stat. 164, sec. 1).

Act of February 27, 1815: Levy of \$19,998.40 annually on the District of Columbia (3 Stat. 216, sec. 1).

Act of March 5, 1816: Levy of \$3,000,000 (3 Stat. 255, sec. 2).

Act of August 5, 1861: Levy of \$20,000,000 annually (12 Stat. 294, sec. 8).

Mr. HAWLEY. Mr. Speaker, on behalf of those who believe the plan of tax reduction approved by the administration, and currently referred to as the Mellon plan, I offered the amendment in the House which proposed the adoption of this plan; and this amendment received 155 votes in the House on roll call. The adherence of the Republican Party to sound financial policies and competent administration of the Treasury is historic.

The proposals for tax reduction contained in this plan are based upon scientific determination of the effect upon the revenue of the rates proposed, and the decreases have been distributed among the taxpaying public to give the largest possible measure of relief to the greatest number.

The country has read it, considered it, understood it, and voiced its approval in no uncertain terms. Not since it championed the gold standard has the financial policy of the Republican Party been so strongly indorsed by the people, irrespective of geographical distribution or party affiliation.

Its terms are too well known to need restatement at this time. The reduction in normal taxes, with the provision for earned incomes, gives to the hundreds of thousands of taxpayers in the lower brackets by far the greater proportion of the total amount of relief from taxation. By limiting the surtaxes to a maximum of 25 per cent and reducing correspondingly the rates in all brackets below capital will be diverted from the field of tax-exempt securities into industry and commerce. The Treasury will be furnished with revenues sufficient for the conduct of the Government by taxes earned on a greatly increased volume of income taxed at these lower rates.

The primary purpose of a revenue bill is to raise revenue, that the Treasury may at all times meet the demands constantly accruing upon it. The tax burden should be fairly distributed. A tax bill that intentionally fails to supply the Treasury adequately is inherently bad.

The Garner rates are financially unsound, and would have wrought injury to the country. We have preferred rates more adequate and better adjusted to its needs. When the rates proposed in the amendment, commonly referred to as the Mellon rates, were not agreed to by the House, I voted for the plan proposing a maximum surtax of 37½ per cent, as against the Garner rates, and voted for the bill on final passage. The Garner rates on normal and surtaxes are so readjusted as to produce a loss of revenue of approximately \$511,000,000 which, together with the other reductions in excise taxes, will result in a deficit of over \$300,000,000 in the Treasury. This Garner plan is political rather than financial, a makeshift rather than scientific, not adapted to the needs of the country, and above all creates a great and growing deficit in the Treasury. The only way by which deficits can be wiped out is by taxes obtained from the people. The Government is not a profit-making enterprise. Deficits increase the tax burden for subsequent years and impair the credit of the United States. The year 1924 is a presidential year. Hence we have the Garner political rates.

We had, therefore, the astonishing spectacle of a country at peace with all the world, well to do, willing to pay necessary taxes, proud of the honor and credit of their Government, compelled to face, had the Garner rates become effective, a large and constantly increasing deficit in the public revenue.

When the 1918 revenue act was passed with a maximum surtax rate of 65 per cent and with a normal tax rate of 8 per cent on taxable amounts in excess of \$4,000, the country was engaged in war, and had taken over many industries and was subsidizing others for the production of war materials—food, clothing, munitions, and so forth—and part of the taxes collected were needed to furnishing capital to such industries.

When the revenue act of 1921 was enacted, with its continuance of the normal tax rates and a maximum surtax of 50 per cent, the Government was still in need of money for capital account with which to effect settlement of claims arising out of the war.

But in 1924 the Government is no longer under the necessity of making expenditures on capital account, having retired from the field of production. Private enterprise has again resumed the conduct of industry, commerce, and agriculture, and undertaken to provide the necessary funds, and in order then that they may have the benefit of funds formerly taken by the Government in taxes under the stress of war we proposed a 25 per cent reduction in the normal taxes and a maximum surtax of 25 per cent; that is, when the Government, under the urgencies of war, needs money as capital for the production of the material of war, high taxes prevail, but when private enterprise resumed the responsibility for production we proposed to reduce taxes and leave the capital in its hands.

High rates of surtaxes are not necessary to provide the funds the Treasury needs, nor will they relieve our industries or open the way to an increased general national prosperity.

Mr. CANFIELD. Mr. Speaker and gentlemen of the House, no doubt these two little words that are placed here on page 167 have escaped your attention, and in fact I expect there are very few of the Members that even knew they were there, and of those that did know they were there, very few of them have paid any attention to just what they mean, and were it not that my attention has been called to them I do not expect that I would have paid any attention to them; and right here I want to say that while I am in the furniture business I am in no way financially interested in any factory that manufactures smoking stands; but I know what it means to those that do manufacture them—to the dealers throughout the country that handles them, and the people that buy them for their homes.

These are very small items and can not produce much revenue; in fact I am sure the tax collected on them is not over \$100,000 a year, and I do not doubt but what it costs from 50 to 75 per cent of this amount to collect it; but, on the other hand, it is a big handicap to the manufacturers of these small articles, and gentlemen, if you will take time to consider these items, you will agree with me that it is not right to tax any article that is produced for the purpose of making better and happier homes.

I would not say anything about these items if the committee had seen fit to put a tax on smoking stands that are sold by the manufacturer for \$50 or more, for then they would be sold to people with homes who could well afford to pay a tax; but when it comes to taxing articles of furniture that are manufactured for our average workingmen, farmers, professional men, and small business men's homes I want to say frankly that I am against it, and I think every member of this committee should be against it, especially when the tax collected means practically nothing to the Government.

Everywhere we go to-day we hear much about the un-American spirit that prevails throughout our country, and that everything should be done by our leaders to check it in every way possible. To my mind one of the best ways to make better American citizens is to have better homes for them to live in, and after we have better homes we must have happy homes, and one of the best ways to make happy homes is to have good furniture in them; and when we have happy homes every Member of this House knows that we will not need to concern ourselves as to whether or not the Constitution of the United States will be upheld, for our American citizens will have something vital to protect and something for which they will be proud to follow the American flag.

Gentlemen of the House, I trust that you can see your way clear to support this amendment, as it does not mean much revenue to the Government, due to the fact that it costs 50 to 75 per cent to collect all tax obtained from these items.

Mr. TILSON. Mr. Speaker, the proposed Garner plan for tax reduction was, in my judgment, impossible from every point

of view, including that of the Secretary of the Treasury, for it would have produced a serious deficit in the revenues. Therefore, it was a great gain to supplant it with the schedule of rates proposed by the gentleman from Ohio [Mr. LONGWORTH]. It is said that the Longworth rates are the best that could be secured by compromise, and it is a matter for congratulation that all Republicans of all brands are committed to a program no worse than the compromise.

Republicans who still believe that a sound, well-balanced tax reduction plan was being rejected for this makeshift compromise were justified in voting for it as the best that could be secured under existing circumstances. Therefore, I have no criticism whatever for those who, trying to secure the best, took the best they could get.

After all, the compromise at its best is only a makeshift, and I failed to give it my approval because I felt that its enactment into law at this time would make genuine tax reform more difficult or perhaps impossible hereafter. It makes a horizontal reduction of 25 per cent in the surtaxes. This, however, is not enough to accomplish the primary purpose of the Mellon proposal, which is to unshackle business investment. The surtax rates in the compromise will not effect this purpose. If a man can not swim he will drown in 10 feet of water just the same as in 100 feet.

Another serious defect in the compromise as well as in the Garner plan and one hard to remedy when once in the law is the too severe cut in the normal tax of moderately small incomes. I refer to the bracket under \$8,000 in which the salaries of Congressmen unfortunately fall. A very large revenue comes from this class—very little of it from Congressmen, of course—so large that if cut as proposed in the compromise, other and far more important reductions will have to be indefinitely postponed. It would have been worse had the Garner rates been adopted.

The people who pay in this class are neither poor nor rich, and its payment by them affects economic conditions less seriously than if paid by any other class. For instance, a reduction of my tax by \$100 more than under the Mellon rates is, of course, acceptable, but I doubt whether this reduction to me and to a million other taxpayers in my class will do half as much good to the country at large as would a further reduction in the surtaxes and the removal of more of the objectionable war-excite taxes.

There are other serious defects for which the compromise is in no wise responsible, having been put into the bill under the Garner leadership before the compromise was agreed upon, but which likewise will be difficult to get rid of when once in the law. I refer first to the increased inheritance tax, which will rob the States of large amounts of capital which should remain in the States for local taxation instead of being sent to Washington for questionable governmental expenditures. The new gift tax is open to the same criticism.

The "Peeping Tom" amendment by which partisan committees of Congress for purely partisan purposes may pry into and make public the private business affairs of anyone they may desire to criticize is fundamentally vicious and under present conditions at the other end of the Capitol will probably be made worse rather than better.

The provision for the refund of 25 per cent of the income tax payable this year should be taken out of the present bill and sent through as a separate bill. This would give immediate tax reduction, not scientific by any means, but doing approximate justice, and this could be continued next year if necessary.

Meanwhile the entire matter unhampered by any makeshift could be submitted to the final authority, the people themselves, for their consideration and advice. With their mandate the Republican Party, having been given power equal to its responsibility, would be in a position to give the country what it is entitled to—a real, sound, well-considered tax reduction and tax reform.

Mr. SCHALL. Mr. Speaker, the charge of partisan politics is being bandied back and forth, hotly repudiated by both sides. The question of taxation is neither partisan nor personal, but should consider the greatest good of the greatest number. I am for that form of taxation that shall provide sufficient money to take care of our Government. That is what taxes are for—to provide revenue to run the Government. The Garner plan, while it sounds well, will not provide in the long run sufficient revenue. I voted for the Frear plan and against the Mellon plan, both of which I think to be the two extremes, but I would rather err on the side of the common taxpayer than be classed with those who have no regard for the troubles of the poor. The real Yankee idea of justice to everybody concerned, it seems to me, is a compromise between these two extremes,

the Longworth amendment, which cuts everybody's taxes, rich and poor alike, 25 per cent. The increase in the inheritance tax from 25 per cent to 40 per cent, graduating from 1 per cent on amounts over \$50,000 to 40 per cent over \$10,000,000, together with the gift tax, which is a counterpart of the inheritance tax, will more than furnish the needed money for the back pay of the soldiers and show an attitude of justice for our liabilities.

The Government clerks receiving a bonus look upon it as part of their salary. There is nothing in the service the soldiers rendered that should cut them out from their slight back pay. We bonused the manufacturer where he lost money on account of preparation for a war that did not continue. We bonused the munitions maker, the miner, the shipowner, the shipbuilder, the manufacturer, because the war did not continue, and in this bill we even purpose—and I think it is right—to bonus the taxpayer, for we are intending in this bill to reduce and give back 25 per cent of the taxes due for last year and collectible under the present law.

Money should stand its share of war expense. It has had protection through the men who fought our battles and it should be willing to pay its just share. If not willing, it should be made to pay.

I voted against the Mellon plan because it is truly a "Mellon"-aire proposition and is constructed entirely to serve the millionaire. Instead of making a straight cut of 25 per cent all the way down the line it sought to cut the big fellow down 50 per cent while giving to the little fellow the smaller ratio of 10 to 25 per cent.

The Longworth compromise is strictly the consensus of the Republican idea, is a Republican measure, and should have the support of every Republican in the House, together with such other party designations as have the welfare of the country at heart, consistent with taking care of the soldiers' compensation and having sufficient money to take care of the Government's obligations.

This bill, I am informed by those in authority, will not only reduce the taxes 25 per cent all down the line, but will over and above furnish the money necessary for the soldiers' compensation, and thus avoid the President's veto on that excuse.

Mr. FREAR. Mr. Speaker, the House tax-reduction bill is several hundred per cent better and more equitable than the make-believe "scientific" Mellon bill. The House bill gives a tax cut of over \$400,000,000. One hundred million dollars of this amount the Mellon bill gave to telephones, telegraph, and theaters with a return assured in propaganda. The House bill extends the tax cut to automobiles, stamps, jewelry, candy, seat tax, and other nuisance taxes that are reduced or wiped out. The Mellon bill gave another hundred million to earned income, including 12 officials of one oil company who receive a combined salary of over \$1,000,000. The House bill cuts off, without any evidence required, one-quarter of all incomes under \$5,000 from whatever source derived, all treated as earned income. Above \$5,000 and to a maximum limit of \$20,000 income, the right to further reduction is a matter of evidence.

The Mellon bill gave over \$200,000,000 tax cut to income-tax payers, with 5 per cent of the total taxpayers at the top getting approximately one-half of the Mellon cut, and a measly one-quarter cut for the remaining 95 per cent of the tax-paying multitude. The House compromise bill dumped this scientific (?) cut into the wastebasket and reversed the order of distribution, giving a one-half tax cut to the 95 per centers and a one-quarter tax cut to the high-rolling 5 per centers, keeping in mind the old tax principle that a net income tax can not be passed on, and tax burdens so far as possible should be distributed according to ability to pay.

This cardinal principle was never considered by the "scientific" sham plan, put forth by the Treasury for Congress to pass, prepared by no one knows who; without one witness offered or a single income-tax hearing; strong only in propaganda and tax buncombe, repeatedly exploded and as repeatedly urged by favored interests; interests that alleged in one breath they dodged all income taxes and yet insisted the tax be removed for the public good.

In the House bill has been written a modified publicity clause, a higher estate-tax rate, a credit to States of 25 per cent thereon; a gift tax intended to supplement the estate tax and other needed wholesome amendments. The Mellon plan, after several million dollars spent in propaganda, only received slightly more than one-third the vote of the House; the House bill was passed by 408 affirmative votes on roll call.

That, in brief, is the difference between the Mellon bill and the House bill. Partisanship was never more in evidence than during the preparation and discussion of the tax bill just passed by the House. Representative GARNER, author of the

Garner rates, Minority Leader GARRETT, Whip OLDFIELD, a liberal, Representative CORDELL HULL, of the Democratic National Committee, and every other Democratic Member, however, made possible the compromise bill by their opposition to the Mellon plan. Any attempt to misrepresent or make political capital out of the result only serves to emphasize the straits of those who would substitute cheap politics for statesmanship.

Democratic Members, with over 60 independent Republicans, helped defeat the Mellon bill and by such course compelled passage of a compromise tax measure more simple and scientific than either the Mellon or Garner plan. To the independent action of Members of both political parties the result is due.

Progressive Republicans, who secured the compromise in all its details, accept full responsibility therefor but will leave political partisans to scramble for whatever glory is to be had from the result.

The Mellon bill was conceived behind closed doors by selfish interests, concealed to the end. That bill juggled tax brackets and was "scientific" only in its attempt to give great tax cuts to big taxpayers and small relief to the great army of small taxpayers.

Last session a generous legislative gift to big business came from Congress in the shape of a repeal of the excess-profits tax which aggregated \$450,000,000 tax annually, combined with a reduction of high surtaxes from 65 per cent to 50 per cent, adding about \$50,000,000, according to estimates, or in all a \$500,000,000 tax reduction was given to big business without any remission of taxes to the small man least able to pay.

The Mellon bill sought to compel another great legislative gift and declared for a 50 per cent reduction in upper brackets for the millionaire class and only 25 per cent tax reduction for the great tax-paying multitude.

The Mellon bill was prepared by men representing great wealth and supported by the greatest propaganda of all history, variously estimated to have cost several million dollars. With a novel new argument of "frozen credits," "aid to business," relief from "soaking the rich," and other catch words, the bill was placed on the table of the Ways and Means Committee of the House, that representing the House, the only body under the Constitution authorized to originate revenue legislation. Republican members then split in committee over the bill, over its unprecedented method of presentation, its concealed authorship and demand to sign on the dotted line. Demand for its immediate and unqualified acceptance from Secretary Mellon and other high officials met with opposition.

The Democratic organization of the House thereupon prepared a tax bill along different and more equitable lines, and in party caucus bound its members to the Garner rates. The Republican organization, split by the Mellon bill into two factions, refused to accept the so-called Mellon income-tax rates, but, on the other hand, a new test of party regularity for Republicans was invoked to oppose the Garner income rates proposed for substitution in the bill.

Progressive Republicans interested in giving substantial relief to small taxpayers prepared a separate bill that was also submitted in committee, wherein reduction of one-half normal tax rates was urged, thereby giving a total income-tax reduction of \$184,000,000, of which amount small taxpayers would receive a 50 per cent tax cut, while less reductions were given to those best able to pay. In view of great tax reductions given to the latter by the last preceding revenue bill, this was claimed to be equitable and just.

The progressive group's income-tax amendment was defeated and then, when confronted by either the Mellon or Garner tax rates, Republican progressives unhesitatingly accepted the Garner rates, which were voted into the bill, although accompanied with Treasury estimates that the Garner rates would probably leave a deficit of from \$150,000,000 to \$300,000,000.

This wide range of estimates was not persuasive, but calculated to influence the Executive when called upon to act, so we prepared needed amendments to make up the deficit.

Then arose an unparalleled situation in legislative history of the House. Mellon-plan advocates gave out that the Garner rates, because of threatened deficit, would insure the bill's veto by the Executive, and hot-heads sought to defeat the bill by adding increased tax cuts beyond estimates, refusing to add new tax revenues to meet the threatened deficit.

On every vote in the committee Progressive Republicans endeavored to protect the bill and refused to countenance partisan blindness that would rule or ruin. Thus far the situation is well known, and efforts to save the tax bill thereupon devolved largely upon the progressive group of the House, that accepted full responsibility without hesitation.

To meet the threatened Garner tax rates deficit and provide needed tax reform, a measure was first offered by progressive

Members to tax so-called tax-free securities, leaving a decision therefor to the court. Briefs and authorities were submitted as to constitutionality in support of this plan, but opposition came unexpectedly from leaders of both political parties in the House and the proposed amendment failed, although supported by a few independent Members on both sides of the aisle.

A strong effort to tax stock dividends also having failed, progressive Republicans next offered an amendment to tax undistributed profits of corporations 10 per cent, which would bring to the Treasury \$200,000,000 or more annually, a tax in principle identical with taxation of stock dividends. It had been proposed originally by Secretary Houston in 1921, and is more equitable and just than the present 12½ per cent corporation normal tax. This amendment met the same fate at the hands of Republican and Democratic leaders. I offer no criticism, but am disclosing efforts to meet the threatened deficit.

A vigorous effort was next made by the progressive group to secure reenactment of a moderate excess-profits tax with a 10 per cent rate in the lower brackets. This it was roughly estimated would bring from \$150,000,000 to \$200,000,000 increased revenues, based on receipts of 1921, and would meet any threatened deficit prophesied from adoption of the Garner rates. Again came failure through opposition of both Democratic and Republican leaders.

Other measures offered, including general publicity of income records, met with opposition from party leaders on both sides of the aisle.

Inheritance-tax rates were increased, accompanied by a 25 per cent credit for State taxes paid—an amendment I offered—while a gift tax offered by Chairman GREEN, both of which were opposed by the regular Republican organization of the House, were supported by independent Republicans and the Democratic membership generally. These latter measures were estimated to bring in only \$20,000,000 additional revenue which, however, would be more than wiped out by an additional automobile-tax cut beyond estimates made in committee.

I have endeavored to give credit and fix responsibility without partisanship, although party influence unfortunately has been conspicuous throughout consideration of the tax bill.

We were finally confronted with a probable Treasury deficit of \$200,000,000 or more by adoption of the Garner rates and refusal to accept amendments that would give needed revenues, with a probability of threatened presidential veto. If the bill with Garner rates was signed, as declared likely by Democratic leaders, a large deficit would cause the soldiers' compensation bill to be vetoed and probably prevent its becoming law.

With this situation, wherein partisan politics seemed to be strongly in evidence on both sides, the progressive Republican organization offered to renew its first tax proposal or to consider any plan that would give relief to small taxpayers, with incidental tax reduction for those best able to pay. The proposals made to and from the Republican organization were finally agreed to after important concessions were made of a normal-tax cut of one-half rates, or 2 per cent, up to \$4,000 and a cut of three-eighths, or 5 per cent, from \$4,000 to \$8,000. With the average exemption of \$2,000, this makes a tax reduction of from 50 per cent to 62 per cent for over 95 per cent of all the income-tax payers of the country who pay on \$10,000 incomes or less, and is substantially the plan first offered by the progressive group. A straight cut of 25 per cent on all surtaxes now in the bill is based on existing law, and an added an added 2 per cent cut on the 8 per cent normal tax gives a fair reduction on large income taxes of over one-quarter off from the present tax payments. A one-half tax cut for small income-tax payers, with the added earned-income tax cut computed on \$5,000 and under, gives the following generous tax reduction on small incomes as now carried in the bill passed by the House:

Income.	Present tax.	New rate.	Saving.	Per cent tax cut.
\$4,000.....	\$160	\$60.00	\$100.00	62½
\$5,000.....	240	97.50	142.50	59½
\$6,000.....	320	147.50	172.50	54
\$7,000.....	410	197.50	212.50	52
\$8,000.....	500	247.50	252.50	50½

The \$2,000 added average exemption brings this needed relief to incomes of \$10,000 or less paid by 95 per cent of the people, with smaller reduction for the remaining 5 per cent of the taxpayers. A further tax cut on incomes from \$6,000 to \$8,000 occurs where earned income is proven.

A tax cut of 25 per cent in present surtax rates that now reach 50 per cent maximum, in effect, brings maximum rates

down to 37½ per cent, but the 6 per cent normal tax added makes the total maximum income tax rates 43½ per cent, as passed by the House.

These rates compare favorably with the Garner tax rates, they are a matter of compromise and were agreed to on a bill that we were assured will come within the margin of surplus, whereas the Garner rates, we were warned officially, would leave a large deficit and jeopardize the passage of a soldiers' bonus bill, alternatives unthinkable and indefensible. In this I have laid no stress on the failure of Democratic and Republican leaders to support amendments whereby to meet the deficit caused by the proposed Garner rates, nor have I discussed the attitude of certain leaders on the soldiers' compensation bill in the past. These are matters of individual judgment, but I am stating a situation that caused progressive Republicans of the House, when their amendments to meet a threatened deficit were rejected, to throw their entire support to a compromise on income-tax rates which were voted in the bill and subsequently were supported by 408 Members of the House. In addition we held fast to every amendment secured in Committee of the Whole and kept faith throughout with principles while refusing to engage in political juggling or partisan jockeying.

Charges by Republican or Democratic press of any coalition were at all times foolish and unfounded. Without partisanship we sought to get the best tax bill possible out of committee and through the House. We ask for no credit nor fear criticism. The Mellon plan died before it was born and millions spent in propaganda failed to influence Congress that knows the game as it was played.

Any man whose name is linked with the bill passed by the House may feel honored from the fact that the measure grants annually \$400,000,000 relief to millions of taxpayers; is likely to come within the limit set apart for income-tax reductions; and is so far removed from the "scientific" Mellon great gift to large wealth that it bears not the slightest resemblance to that plan.

For the splendid group of independent Members who brought order out of political chaos and saved a tax bill that will do full justice to those least able to pay, gratitude is expressed. Never once did they falter in their support, and such action came from an intelligent understanding of every proposition considered, for they had informed themselves regarding tax principles, brackets, and rates, and individually were competent to pass judgment on the different plans without advice.

They helped improve a tax bill by insertion of many needed amendments, and when called upon to act did not hesitate to put their oaths as Members above pleas of party regularity. The bill, contested for three weeks, finally found support from over 400 Members of the House, irrespective of partisanship. That is glory enough in itself. Of far greater importance were appeals made from the Chair's ruling, first by a vote of 315 Members and second by 254, when, joining with Democratic Members, the Chair was overruled by the progressive group and a principle laid down that the House refuses to be tied hand and foot or longer gagged when considering a revenue bill. Hereafter the House will assert its legislative rights like the Senate and other great parliamentary bodies and will function as authorized under the Constitution.

Briefly, I have reviewed a bill which after long controversy gives large tax relief to millions of people and reduces nuisance, income, and other taxes to an amount annually reaching over \$400,000,000. These results were made possible by the small group of progressive Members who held the balance of power and yet refused to permit that power to be used as a political football.

The most just and equitable income tax bill ever passed by the House of Representatives is due largely to their efforts. For the truth of that claim I again point to its acceptance in all its terms by 408 Members, a verdict never before given any tax measure passed by the House of Representatives. May the example of independent action bring others to recognize that party regularity and partisan politics have no place in tax legislation, while the bipartisanship of powerful invisible government, omnipresent in this tax bill, it has been shown can be met and overcome by legislation in the open.

Mr. CLANCY. Mr. Speaker, on February 28 the House of Representatives overthrew the decision of a controlling element in the Ways and Means Committee that there should be no reduction of the tremendous burden of Federal war excise taxes on the motorists of the country. A strenuous effort had been made before the committee by representatives of the motorists' organizations of the country and of farmers' organizations to have at least a measure of reduction of these taxes. But their pleas were unavailing, although the com-

mittee recommended some \$320,000,000 reductions for various classes of taxpayers, including some \$103,000,000 reductions for war excise taxes on commodities such as candy, soft drinks, telegraphs and telephones, theater tickets, jewelry, etc.

A hot battle was waged in the committee itself by Members thereof for reduction, both by Republicans and Democrats. Mr. McLAUGHLIN of Michigan and Mr. CROWTHER of New York made motions for repeal of certain taxes, I am informed, but lost. Various Democrats, including Mr. GARNER of Texas, Mr. OLDFIELD of Arkansas, Mr. RAINEY of Illinois, Mr. COLLIER of Mississippi, and Mr. CASEY of Pennsylvania also made motions for total or partial repeal of these taxes, according to the best information obtainable. They lost also.

During the very last sittings of the committee on war excise taxes, I believe, a majority of the committee, two Republicans and 11 Democrats, were fighting for some measure of relief for motorists, but I am informed points of order were made against such motions at that time and were sustained.

THE OLD GUARD PRESSED HARD, BUT WINS.

Thus a coterie in the committee, hostile to relief for motorists, were able to get the bill to the floor of the House without any auto tax reductions of benefit therein.

Representatives of motorists had fought the same fight with Secretary of the Treasury Mellon and had lost. He recommended many other tax reductions on transportation, on luxuries, and on amusements, but set his face like flint against the motorists.

It has been the same story for the past few years—motorists losing their contests both with the Secretary of the Treasury and with Congress.

THE SUN BEGINS TO SHINE.

But the turning point came on February 28 on the floor of the House with a coalition of Democrats and Republicans overturning the decision of the controlling element of the Ways and Means, and granting relief of approximately \$23,500,000 out of a total of \$146,000,000 of these taxes, figured on returns of the past fiscal year.

Representatives of the motorists' organizations were satisfied with the above amount of reduction and feared to ask any more at the eleventh hour because of the danger of jeopardizing the revenue bill. They expect to continue the fight in the Senate in the near future and in the House and Senate next December for greater reductions of these taxes.

NAUGHTY MOTORISTS PUT TO WORK WITH THE ROAD GANG.

It is sometimes argued by objectors to reduction of Federal war excise auto taxes that the autos use the roads and therefore should pay for them.

If this argument held good there should be excise taxes on ships which use canals, rivers, harbors, inland lakes, and so forth. To follow out the auto parallel, there should not only be a tax on the ships proper, but on parts and accessories and replacements and repairs. Thus there would be an extra tax on rudders, smokestacks, anchors, ropes and cables, compasses, the coal which is used for motive power as gasoline is used for auto motive power, and so forth.

REDUCTIO AD ABSURDUM.

There would be a tax for tugs, dredges, passenger and freight ships, sailboats, motor boats, pleasure yachts, rowboats, fishing boats, and canoes.

As a matter of fact water highways are developed out of the Public Treasury for the common good and the general welfare.

It is true that American ships pay tolls going through the Panama Canal, but that is because of the Hay-Pauncefote treaty. The American Congress and President Taft made it law that these tolls should not be charged, so that freight and passenger rates between the Atlantic and Pacific coasts should be cheaper. That was for the common good, although the canal cost the people about \$400,000,000 and a large sum also each year to operate.

President Wilson advocated the repeal of the free tolls act, of which a Congressman from Detroit [Mr. DOREMUS] was the author, not because of the principle that ships should be taxed for using the canal, but because he said it broke the Hay-Pauncefote treaty, and a question of honor and treaty obligations with a foreign power was involved.

Hundreds of millions of dollars have been expended out of the Public Treasury for developing rivers, harbors, and so forth. Figures from the message of the President transmitting the Budget for the fiscal year ending June 30, 1924, show an estimate of \$40,000,000 for rivers and harbors. For 1922 the amount was \$43,316,668, and for the current year the estimated expenditure is \$48,000,000.

RAILROAD-OWNED SHIPS BARRED FROM WATERWAYS BECAUSE OF THEIR UNFAIR METHODS.

It is very significant in view of the alleged antagonism of railroad interests to the development of the automobile and motor truck that the Congress of the United States saw fit, after very careful consideration, to pass the Panama Canal act of 1914 which forbids railroads to own competing water carriers.

The underlying reason was that railroads considered only their own interest and their own profits. When they went into the shipping business, often they would lower the freight and passenger rates until they had put competitors with less capital out of business, destroying them by a rate war. Then, not being checked by competition, they raised rates to suit their convenience and gouged the public unmercifully.

Therefore, the Interstate Commerce Commission, taking its cue and its authority from the Panama Canal act of 1914, ordered various railroad companies to get off the Great Lakes, to sell their ships and get out of business.

Like common criminals, not observing the amenities necessary for organized society, they were made outcasts.

DARK SHIPS THAT PASSED IN THE DARK.

In 1915, actions were begun against companies and ships owned by the Pennsylvania Railroad, the Lehigh, the New York Central, the Erie, the Rutland, the Grand Trunk, the Delaware, Lackawanna & Western, and the Canada Atlantic.

Their splendid liners were sold for whatever price the railroads could get in the open market.

"FINGY" AND JULIUS K. ENTER.

William J. Conners, who rose from the stevedore ranks to be a magnate and who rejoiced when on the docks in the sobriquet of "Fingy" Conners, bought in most of these boats, and organized the Great Lakes Transit Co., one of the valuable and best-known transportation companies of the Great Lakes.

It is noteworthy also that Julius Kruttschnitt, who states the case so energetically and powerfully for the railroads against the passenger automobile and the motor truck in certain Senate committee hearings, has been the dominating personality of the Southern Pacific Railroad for some time. He is chairman of the board of directors and has been recognized for some time as one of the chief spokesmen before the country for the railroads.

These hearings may be found reported in a Senate document entitled, "Hearings before the Committee on Interstate Commerce, United States Senate, pursuant to Senate Resolution 23, relating to revenues and expenses of railroads, Sixty-seventh Congress, first session, volume 1, May 10 to June 1, 1921." The testimony of Mr. Kruttschnitt with particular reference to auto competition is found on pages 40 to 44.

PANAMA CANAL GETS TO COVER.

It is pertinent that the Panama Canal act of 1914 is directed particularly against transcontinental railroads and Mr. Kruttschnitt directs one of these which is barred for the sake of general welfare from operating competing ships through the Panama Canal, which was built with the public moneys for the public good.

I am going to quote excerpts from Mr. Kruttschnitt's testimony and colloquy in the Senate Interstate Commerce Committee hearing. I will do so at some length because his viewpoint is so refreshing. His attitude that all agencies advancing the cause of mankind and civilization and competing with railroads, must be hampered to keep pace with railroads in difficulty through poor management or otherwise, is of vital interest to the automotive industry. The latter, by its fair political methods and its absence of desire to control all sorts of governmental agencies to promote selfish ends inimical to the general good, affords a striking contrast.

The predominating purpose of the auto people, so far, has been to make life easier and happier for all mankind. May they always cherish that ideal!

ENTER THAT VILLAIN, SUBSIDY.

The general argument of friends of the railroad interests is that the automobile and motor truck are subsidized by the public, which provides them free highways. They compete with the railroads. Why should they not be taxed, and heavily?

First let me remark that railroad people should understand subsidies because practically every railroad was subsidized by public annuities or grants of one character or another when it was constructed. Public land equal to the area of the thirteen original States has been granted to the railroads. That is one

of the most astounding facts in American history or in the history of the world!

Roman roads are one of the outstanding facts of civilization and they existed throughout the centuries until to-day in splendid condition, but if one were to believe the opponents of auto-tax reduction the geniuses of the Roman Republic and Empire built them with the automobile in view. The contention to-day is that roads are built to-day only for the automobile, and the motorist should pay, pay, pay! Rome and all countries of all times have built roads to advance the general welfare.

LIVE AND LET LIVE.

The sane view and the "live-and-let-live view" is that the proper field of the motor truck is in coordination with the railroad. To-day 157 railroad systems are using the truck in short hauls, in terminal operations, and for similar purposes. It is a complementary service which gives the shipper a more efficient completed transportation.

Studies of the Bureau of Public Roads shows that 67 per cent of all of the truck movement in Connecticut is under 70 miles. That which goes farther does so because it can haul more cheaply or because of rail congestion. Where the motor truck provides an economic competition it should abandon long haulage, and that is happening automatically.

Roads would be built if we had no trucks, and they would be paved roads since the measure of road improvement is density of traffic. In most States the truck is paying its share of road cost through special taxes. Where these taxes are not high enough they should be increased, but that is a State tax and should remain so.

WHY BITE THE HAND THAT FEEDS YOU?

The railroads of to-day could not prosper without the motor industry. Last year they derived \$200,000,000 revenue from shipment of cars. The raw materials used by motor plants in fabrication of cars, the building materials used in roads, the haulage of gasoline and of the thousand other commodities entering into motor-car production, all contribute to the railroads.

Congress has taken the tax off railroad transportation, yet when a railroad uses a motor truck a special tax must be paid, which must be passed on to the consumer. Is there any difference between these taxes?

Can the railroads or the public afford to penalize an arm of transportation which must be of increasing service in providing a more adequate and more efficient system of collection, delivery, and transportation generally?

There are those who raise the question of taxation paid by motor vehicles and railroads. This is not an issue, as all transportation costs must be paid for by the consumer, hence all transportation taxation is an added burden. It is interesting to note, however, that in 1921 the motor vehicles paid \$334,000,000 in special taxes, in addition to garages, income, and so forth, while the report of the Interstate Commerce Commission shows that the rail lines paid \$276,000,000 in Federal, State, and local taxes in the same period.

HE'S TAXED HEAVY, ALL RIGHT.

If the purpose of the opponents and oppressors of the motorist is that he shall be taxed and taxed heavily—for it must always be remembered that the taxes are on the motorist and not on the manufacturer, who transmits the tax directly to the buyer of an auto or truck—then the purpose is fully achieved, and with a vengeance.

FIGURES DO NOT LIE.

Taking the 15,000,000 cars in operation to-day, I figure that during their short lives their owners have paid into various governmental treasuries the gigantic, astounding total of \$1,245,570,944.23. Why the 23 cents? The figures are an approximation, necessarily, and the exact amount is based, of course, partly on estimates, but which estimates, I maintain, are fair.

The average life of the average car must be gauged through experience of motor experts. The wear and tear can be averaged to the satisfaction of a fair man. Seven years life for a car is a fair estimate.

The Federal war excise taxes to which I object amount to the stupendous sum of \$600,183,644.23, as taken from the Federal Government records.

State licenses, including registration fees, gasoline tax, and so forth, are estimated at \$510,387,300.

Personal-property taxes now levied in 36 States are estimated for the period at \$125,000,000.

Local wheelage taxes in special levies by cities may be estimated for the period at \$10,000,000.

These amounts give the total of approximately \$1,245,570,000, surely enough to satisfy a Turk taxgatherer or one of those

taxgatherers who precipitated the French Revolution and rolled under the heavy, razor-sharp strokes of the guillotine gallant male heads and fair ringleted feminine heads into the dust.

The Federal taxes are detailed as follows: Federal excise tax on new cars for the period, \$363,363,593.63; on trucks, \$52,637,963.79; on parts, tires, accessories, and so forth, \$190,124,556.49; less deduction for repairs to old cars early part of this period, \$60,000,000, estimated; total for this classification, \$136,124,556.49. Now, take the unsegregated tax collected in 1917 and 1918 of \$48,057,530.32, and total Federal war excise taxes are \$600,183,644.23.

Surely nobody can fairly quarrel with these figures.

TAXES ON THE PASSENGER CAR IN MARYLAND.

But take the heaped-up taxes in another way. It is fair to consider the neighboring State of Maryland, for nearly every Member of Congress has ridden over the roads of Maryland and knows the sentiment of the people and their standard of Americanization.

The taxes, as I showed on a chart brought into the House cloakroom, are as follows:

1. Federal excise tax on the car.
2. Federal excise tax on tires and parts.
3. State registration fee.
4. Gasoline tax.
5. State property tax.
6. City property tax.
7. Driver's license tax.
8. Certificate of title tax.
9. Property tax on the garage.

In addition, trucks and taxicabs bear five other taxes.

AND THIS IS NOT CALCULUS. YOU CAN GET IT.

And to be more specific yet, take the taxes paid by typical new cars in Baltimore, Md.

The figures are as follows:

Ford touring with self-starter.

Federal, excise on purchase	\$14.25
State, horsepower	7.20
State, gasoline	7.00
State, operator's (not for hire)	2.00
State, personal property	.77
State, certificate of title	1.00
City, personal property	7.30
Total	40.52

Also 5 per cent on value of any repair parts, accessories, and tires.

DODGE TOURING.

Federal, excise on purchase	\$33.00
State, horsepower	7.68
State, gasoline, estimated (400 gallons, at 2 cents)	8.00
State, operator's (not for hire)	2.00
State, personal property	1.84
State, certificate of title	1.00
City, property	17.40
Total	70.92

Also 5 per cent on value of any repair parts, accessories, and tires.

BUICK "6" TOURING.

Federal, excise on purchase	\$58.60
State, horsepower	8.74
State, gasoline, estimated (500 gallons, at 2 cents)	10.00
State, operator's (not for hire)	2.00
State, personal property	3.37
State, certificate of title	1.00
City, personal property	31.90
Total	115.70

Also 5 per cent on value of any repair parts, accessories, and tires.

In addition, trucks, buses, and taxicabs bear five other taxes.

WE WILL PUT POOR JOHN WISE!

Now, it may be said that the average owner of an automobile or truck does not know that he is thus discriminated against. But let every legislator be advised from now on the 15,000,000 owners, their friends, and relatives, are going to be educated to this gouging. That is the duty of the motorists' organizations, of the manufacturers' organizations, to protect these members and these customers from exploitation.

Vigilance and education will relieve these voters. There is no sane reason why such a powerful body of voters, thoroughly organized as they can be, for their names and addresses are available in every community, should be thus persecuted. Police headquarters at least have them registered.

MACHIAVELLI WAS A PIKER.

Now let us consider the philosophy of modern industrial competition with particular reference to one of the basic necessities of life and of organized society as developed by that master, Mr. Julius Kruttschnitt, aforetime director of the

board of one of the great American transcontinental railroads. This is in the Senate Interstate Commerce Committee in 1921.

Then see how that philosophy and theory is driven home against me in the House Ways and Means Committee hearings on auto reduction, January 16, 1924.

Then read the statements of Representative OLDFIELD of Arkansas, of the Ways and Means Committee, on railroads and the automotive industry on the floor of the House February 14, 1924, in which he shows the doubtful methods of some railroad men.

Then read the statements of Representative TAGUE of Massachusetts, also on railroads, also a member of the Ways and Means Committee, and also delivered on the floor of the House on February 18, 1924.

IT IS NOT ANCIENT HISTORY.

The combat of ideas depicted therein and of forces so tremendously vital to the ordinary life of every American individual is so thrilling and so pertinent that one is justified in giving the colloquies and statements at length. Moreover, that combat has not yet neared its peak and is to make some American history in the near future.

Meantime may I again disclaim any hostility to the railroads. They are vital. I am not anxious even to discipline them. They should be treated without animus or passion. But they must be taken off the necks of the 15,000,000 American motorists and out of the pockets of these aforesaid gentry.

Enter Mr. Julius Kruttschnitt, and reported in Senate document giving hearings of Interstate Commerce Committee May 10 to June 1, 1921, on Senate Resolution 23.

RIGHT IN FRONT OF A MICHIGAN SENATOR.

Remember that Senator Townsend, who does some of the questioning of Mr. Kruttschnitt, represents the great State of Michigan, the home and center of the automotive industry. Mr. Kruttschnitt knows that and believes his dogmas, doctrines, creeds, and tenets are fully justified. Therefore he enunciates them boldly and devil take the hindmost! Note also that apparently Mr. Kruttschnitt has some friendly Senators querying him.

Mr. Kruttschnitt speaks:

The conditions under which the highways are constructed and operated are grossly discriminative against the railroads and in favor of their competitors. As a rule the improved highway is located immediately adjacent to the right of way of the steam road, where it inflicts the maximum destructive effect on steam-road traffic. Under their charters, which are agreements with the public, the steam carriers must provide and maintain their permanent ways at large expense; are subject to drastic regulations as to profits, living conditions, and terms of employment of those who work for them, and heavy damages for injuries to persons or property. The desire to develop and use the powerful motor trucks and passenger vehicles has blinded the public to the necessity for proper and equitable regulation of this service, which takes thousands of tons of freight and hundreds of thousands of passengers every day from established rail lines. By reason of the unlimited profits that these carriers are thus allowed to earn they can put competing railroad lines out of business or greatly curtail their revenues. Southern Pacific lines alone were deprived of over \$4,000,000 of passenger revenues in 1920 by the competition of public motor vehicles. Taxes paid by all the people and to a large extent by the railroads themselves are used for the purpose of providing free highways for vehicles, which are subjected to no regulation for the protection of life and property, and whose heavy wheel loads rapidly destroy the roads. In common justice these public carriers should be required to pay a tax on freight and passengers carried commensurate with the use of and injury to the roads they pass over. The press credits the President to be keenly alive to these inequities and the Legislature of Oregon as being engaged in an investigation of them.

Senator WOLCOTT. How did you arrive at that figure of \$4,000,000 of loss in passenger revenue in the year 1920?

Mr. KRUTTSCHNITT. Because we keep track on the Southern Pacific of the number of these vehicles that are running and the number of people they carry.

Senator WOLCOTT. Well, are they common carriers, these vehicles that you keep track of—bus lines?

Mr. KRUTTSCHNITT. They are common carriers to the extent that private individuals operate them for profit, and for the carriage of freight and passengers, but they are not subject to the laws of common carriers, and that is what I am complaining about. They are favored at the expense of the general public.

Senator WOLCOTT. I understand that.

Mr. KRUTTSCHNITT. In other words, Tom, Dick, and Harry can go and use those roads to make all the money that he can rake in, and he doesn't have to pay anything for it, except for the gasoline to run his machine.

Senator WOLCOTT. I understand your contention on that, and it would seem to have some merit in it—to me at least. But your figures do not take any account of the private individual, the head of a family, who wants to go from town to town, and instead of riding on the train just loads his own family into a car and goes.

Mr. KRUTTSCHNITT. No; I have not mentioned that.

Senator WOLCOTT. So that your figure of \$4,000,000 would be an underestimate, if anything?

Mr. KRUTTSCHNITT. Yes; it takes no account of that. We do not keep tab on private automobiles.

Senator WOLCOTT. I was curious to know how you reached that figure.

Mr. KRUTTSCHNITT. But take it in California. They build a new highway, an improved road. That is between two points. We have electric service between those points. The first thing we know some gentleman gets a great big autobus that can carry 40 or 50 people, and he runs it at the expense of the public, and incidentally at ours, because we are heavily taxed, right alongside of us, and takes the passengers from our trains. We can not stop because our business is no longer profitable. This gentleman can take his motorbus off that service any time he pleases; if it is bad weather, he need not run it. But we are tied down by obligations to the public fixed by law.

Senator TOWNSEND. Well, you are assuming, Mr. Kruttschnitt, that everybody that rides in an autotruck or an autocar would otherwise ride on your trains?

Mr. KRUTTSCHNITT. That is a fair assumption.

Senator TOWNSEND. Do you think it is?

Mr. KRUTTSCHNITT. I don't see why not. If we have a line which is carrying, we will say, a million passengers a month, and a road is built and a number of autobuses put on that carry passengers right alongside of us, it is fair to assume that all they take will be taken from us, unless some of the people who would not ride in the autobuses would buy their own automobiles, and those we do not complain of.

Senator TOWNSEND. Well, I think that has been a long argument of the railroads against the electric lines, that the electric lines that were paralleling them were destroying the steam roads' business—the steam roads' traffic. It has been quite the reverse in many cases, hasn't it? It has encouraged traffic, and your steam lines have not lost, although the electric lines have gained?

Mr. KRUTTSCHNITT. It has been the case where the electric lines have been designedly built as feeders to steam roads to bring the passengers to them; in such cases it has been profitable. But in most cases the electric lines have been built for the specific purpose of taking the traffic, which has been created and fostered by the steam roads, away from them and appropriating it.

The CHAIRMAN. You don't expect, Mr. Kruttschnitt, that the carriage by highway will be stopped?

Mr. KRUTTSCHNITT. Senator, I have not dreamed of suggesting that.

The CHAIRMAN. No.

Mr. KRUTTSCHNITT. I merely suggest, in line with what I say, what the President himself has suggested.

The CHAIRMAN. Precisely.

Mr. KRUTTSCHNITT. That it is not right to build these highways, at high cost to the people generally, and then permit a limited number of people to put heavy vehicles on them, vehicles that destroy these highways more rapidly in one trip than a thousand private automobiles would do, and let them reap unlimited profit from that business.

The CHAIRMAN. What you suggest is that those who carry freight for hire or those who carry passengers for hire shall pay a fair license fee or compensation for the privilege of using the roads which have been built and which are maintained by the public?

Mr. KRUTTSCHNITT. That is it. To pay a fair, reasonable price for the interest on construction of the roads and their maintenance. Now, take the State of Connecticut. I think the tax on my automobile is somewhere around \$15 a year. The tax on heavy motor vehicles I don't think is as much as twice that. It ought to be very, very much more. Because the automobile that I run and that my neighbors run has a light wheel load, does not damage the roads, and we are probably forced into the side ditch by a truck that is carrying 10 or 15 tons.

Senator WOLCOTT. And then the driver will laugh at you.

Mr. KRUTTSCHNITT. Yes; laugh at me. While I have no personal feeling about being crowded into the ditch, except at the time being, when I am irritated, I do think that the fellow that is carrying such enormous loads there and tearing the roads up should be made to pay for it. In other words, he should not, at the expense of the public, reap all of that benefit from it and put it in his pocket. Year before last, after a heavy winter, the roads between New York and Stamford, Conn., were for the whole distance almost impassable. It was detour after detour where the roads had been torn up and were being repaired.

Senator WATSON. This traffic which you speak of, Mr. Kruttschnitt, is largely intrastate; it doesn't run over the State lines much, does it, especially in the western country?

Mr. KRUTTSCHNITT. Well, I am speaking about the local traffic. Of course all the traffic from the factories in Connecticut to New York is interstate.

Senator POMERENE. There are truck lines from Akron, Ohio, to Boston, that have been maintained for several years.

Senator WATSON. Yes; but do they do a great volume of business, Senator?

Senator POMERENE. Yes; they haul a large part of the product of the rubber plants there in that way, so I am advised.

The CHAIRMAN. Your argument is that the Government ought not to subsidize these carriers for hire, which are in competition with the railroads?

Mr. KRUTTSCHNITT. That is my point exactly, Senator. And they should not be allowed to wreck the business of steam lines, to wreck the property of citizens who have dedicated their money to public use, by the Government limiting the profit of the steam lines and allowing these gentlemen that make these common carrier companies to collect everything they can get without any regulation or limitation whatsoever. I know, living as I do along the New Haven road, you can go on what is called the Boston Post Road, which is a main road from New York to Boston, and the use of the road by the public for pleasure purposes is seriously interfered with by these fleets of these heavy motor trucks carrying machinery, and I don't know what all, from Connecticut factories parallel with the railroad to New York, for export.

The CHAIRMAN. You may proceed.

Senator FRELINGHUYSEN. Mr. Chairman, may I ask a question? Are these motor trucks run by incorporated companies, or are they run privately by the industry furnishing the product?

Senator POMERENE. The one that I spoke of was run privately by an industry.

Mr. KRUTTSCHNITT. Well, I can tell you, Senator, that if you will travel along this road that I have in mind you will see vehicles the size of a good-sized railroad box car on wheels labeled, "John Smith Quick Express Service between Bridgeport and New York." They are owned by private individuals. They are not subject to any regulation or any limitation as to earnings, or any regulations as to providing for the safety of the people they carry. They just proceed on their own hook and get all they can, and the heavier they load the trucks, why presumably the more they make. And there is almost no limit to the amount they put on.

Senator FRELINGHUYSEN. I am very familiar with the situation, because there are regular lines between New York and Philadelphia across New Jersey maintained at the present time, and they are destroying our roads without paying to the State a proper return for the damage they do.

Senator TOWNSEND. Well, that is largely a matter of regulation for the State, isn't it? The State can fix those charges. There is a license fee upon the users of the automobiles now which maintains the roads very largely after the roads are constructed. Most of the roads depend upon the automobile license fee to maintain the roads.

Senator FRELINGHUYSEN. That is not so in New Jersey, because they have a reciprocal arrangement with New York State; and if New York licenses the truck, New Jersey will not charge them a license fee, unless there is some recent legislation on that. But is it not interstate commerce from New York to Philadelphia?

Senator TOWNSEND. A great deal of it is.

Senator TOWNSEND. The Federal Government is not contributing \$1,400,000,000, as you mentioned. The Federal Government has contributed \$275,000,000. Now, you got your figures from figures that are frequently stated of the moneys invested in roads. That is the statement that is put up in connection with the Federal aid. The Federal Government has expended only about \$275,000,000—appropriated that money for the construction of roads, and that only goes into a very small proportion of the roads of any one State. The balance of this vast amount of money that you are speaking about is the money that the States are appropriating for constructing State and county roads. That is where the large amount comes in.

Senator POINDEXTER. The same principle would apply.

Senator TOWNSEND. The same principle would apply, only your amount is not the Federal money.

Mr. KRUTTSCHNITT. I was going to say that except for the correction that you make the principle still stands, that the public agencies should not discriminate in favor of carriers over the highways.

Senator TOWNSEND. I am very much in favor myself, and have advocated the proposition, that the users of the roads, especially those that use them for profit, should contribute very largely for the maintenance.

Senator POMERENE. For hire.

Mr. KRUTTSCHNITT. Those that are used for hire; that is the identical idea that I am arguing. I am not mentioning the private individuals. The private individuals use the roads at a nominal fee. A fee of \$12 or \$15 for a private automobile is not worth considering.

Senator TOWNSEND. You take your manufacturing concerns—for instance, the Buick people or the Ford people in Detroit; they don't use the roads for hire, but they ship their cars on their own power; they drive them across the country. The roads are full of them; full of those cars when they are delivering them.

The CHAIRMAN. You present rather a difficult problem, Mr. Kruttschnitt, because the public will remember all the while that the Government has made, in one form or another, very large contributions in the construction of steam railroads, in the form of rights of way and other things of that kind. It is pretty hard to tell just where the beneficence of the Government should cease in regard to public highways.

Mr. KRUTTSCHNITT. You must not blame me, Mr. Senator, if I don't remember that, because the Government did advance money to the Central Pacific for its construction and it collected every dollar with interest.

The CHAIRMAN. I don't mean in operations of recent times. I mean the public has given a large part of the right of way that is now used by the railroad companies without any compensation at all.

Mr. KRUTTSCHNITT. Yes; when that right of way was given it wasn't worth anything. Largely over land that was desert. Take our own roads. Most of the right of way is over public lands, over desert lands, which even to-day, with the existence of the railroads, could not be sold over \$1 or \$1.50 an acre.

Mr. Kruttschnitt does not emphasize the land sold at \$1,000 per acre and upward, nor that the value of these donated public lands is many hundreds of millions of dollars.

Now, the scene shifts to the House Ways and Means Committee, where your humble servant prances into the arena and points a lance at the somber foe of the "tin Lizzie" and its more opulent kinfolk:

STATEMENT OF HON. R. H. CLANCY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN.

Mr. Chairman and gentlemen of the Ways and Means Committee, I am very glad to follow Mr. BLAND, of Virginia, because he has made clear to you one of the irritating difficulties of this automobile motor-truck law, and if you give your approval to my bill repealing the motor-truck war excise tax the time of future Ways and Means Committees will not be taken up with details of this sort. He has made it quite clear to you that the motor truck is a necessity.

Mr. TREADWAY. He was speaking of it for school purposes. He was only following one line, Mr. CLANCY.

Mr. TILSON. Yes; and you are broadening it now.

Mr. CLANCY. I want to make it broader. I want to reinforce that idea by saying that you consider the railroad a necessity, no doubt, and the Pennsylvania system, the Jersey Central system, and I understand a number of other progressive railroads throughout the country have adopted as a subsidiary transportation system the autotruck lines to relieve the road of the expensive short haul, which is one of the main factors in maintaining high transportation costs. A record was kept for three months in the State of Connecticut on the State highways, and it was ascertained in that small State 1,000,000 tons of freight were carried in autotrucks in the short haul, which is so disastrous to the railroads and to the general public.

Mr. GARNER. Carried how long—in what period of time?

Mr. CLANCY. Three months.

Mr. CHINDELOM. In the entire State?

Mr. CLANCY. In the State of Connecticut; yes, sir; over the State highways.

Mr. TILSON. Mr. CLANCY did not tell you how many million dollars' worth of roads they tore up for Connecticut, nor did he tell you that the New Haven Railroad has been hovering near the edge of bankruptcy for some time because of the loss of business and because it has to maintain its right of way when these trucks do not have to maintain their right of way.

Mr. CLANCY. No; I do not think I could tell you the wear and tear on any road by a person walking across it, or an automobile traveling over it, or by horses traveling over it.

Mr. MILLS. And the New Haven is probably paying taxes in order to maintain the right of way for these trucks that are competing with it.

Mr. TILSON. That is exactly what happens.

Mr. CLANCY. The way the New Haven road has been managed, I do not think God Almighty could save it.

Mr. GARNER. If you follow out that idea, you would stop the use of automobile trucks that the railroads themselves operate for profit.

Mr. TILSON. No; I want them to pay for the roads. That is all I want.

Mr. GARNER. They pay their local taxes now, just the same as the railroads do.

Mr. TILSON. And they ought to pay for their roadbed just the same as the railroads must do.

Mr. GARNER. Probably so; but the railroads can use the trucks. He says the Pennsylvania system is doing that, and they can all do it if they want to.

Mr. TILSON. I do not think they ought to be allowed to use them without paying for the privilege of using the highways. I do not think the Pennsylvania road or any other road should be permitted to use trucks to help out the railroad system and thereby destroy the highways without paying for them.

Mr. TREADWAY. May I ask Mr. CLANCY this question? Has not the use of the automobile truck developed very gradually from the delivery, perhaps, of small quantities of goods over the highways, and eventually the big truck has come into existence?

Mr. CLANCY. Yes, sir.

Mr. TREADWAY. Would you not consider that is the method that has grown up in the country?

Mr. CLANCY. Yes, sir.

Mr. TREADWAY. Well, that being the case, have we not failed to legislate for permission, for the establishment of these great thoroughfares and rights of way for them?

Mr. CLANCY. These motor trucks are paying toll into the State treasuries, and that item is taken into consideration by the various State highway commissions in fixing the license taxes.

Mr. TREADWAY. I beg to differ with the gentleman there. You can not begin to figure the destruction to the highways covered by the license that any truck pays, that I know of, in the United States.

Mr. CLANCY. The gentleman is probably aware that about only one-half of the revenues raised from motor taxation is returned for the upkeep of roads. I have the figures here, and they are already in the record, and I will put them in the record again in a brief which I hope to file.

Mr. TREADWAY. I agree with you in this way, Mr. CLANCY: I believe in the commercial value of the automobile; I think we must encourage its use for commercial purposes, but I do not believe that the States or the Federal Government should provide a free right of way to be destroyed at will, and then for the companies making these trucks to come in and ask for a special exemption in the form of taxation in addition to the free rights of way and all the other privileges that they get under the present law. In other words, it looks to me as though we want to put the screws on a little tighter on that kind of transportation, rather than to add to the present privileges. That is the way I look at it.

Mr. CLANCY. I would remind the gentleman—which he undoubtedly knows and has forgotten—that the manufacturer does not pay this tax; the farmer pays the tax.

Mr. TREADWAY. No; I beg your pardon. The class of trucks that I am referring to are these tremendous big things that take as much space, carry as much goods, many tons of freight, as a freight car does. No farmer owns one of them in the United States.

Mr. CLANCY. The farmer owns a truck which carries his produce.

Mr. TREADWAY. Oh, well, that is a different proposition. I am talking about these great big heavy trucks that destroy the highways.

Mr. CLANCY. The gentleman did not allow me to finish my sentence.

Mr. TREADWAY. I beg your pardon. I will not interrupt you again.

Mr. CLANCY. I was going to say that the farmer, the owner of the truck and the ultimate consumer, pays the tax. The manufacturer does not pay a cent of the tax. He transmits the cost to the purchaser of the motor car.

This motor-truck tax amounts to only \$10,700,000. It is one of the most indefensible taxes that you have to consider.

A STORM AROSE; THE THUNDER ROLLED.

By this time the dignified colloquy had become a roaring chorus, with numerous gentlemen shouting questions and answers all at the same time to the utter discomfiture of the committee stenographer. The rest of the hearing was not so clearly a discussion of Mr. Kruttschnitt's dark Machiavellian philosophy, and my audience is spared it.

But now enters Mr. OLDFIELD, of Arkansas, and the scene shifts to the floor of the House, and he is reported on page 2444 of the CONGRESSIONAL RECORD.

THE OLD GUARD AGAIN.

Mr. MILLS and the 10 others referred to by Mr. OLDFIELD are the coterie which I frequently called the old guard on the floor of the House and in various statements.

Mr. OLDFIELD speaks:

You ought to understand them thoroughly, and I want to call your attention to the report of Mr. MILLS and the 10 others. He is referring to this section, and on page 42 he says:

"The railroads of the country have just had a good year, but they have been unable for the last few years to obtain the necessary funds for permanent improvements by inviting more partners and fresh capital and have had to rely on mortgage financing."

Now, if they had not put that in the report, I would not have said anything about the railroads in this argument, but that goes to the country and goes to the railroad owners so that I want to answer that paragraph. Is it not a wonder, gentlemen, that after the ex-

perience of the American people with the railroad owners—not exactly the railroad owners of America but the railroad wreckers of America—that they can get anybody to go into partnership with them and give them money with which to carry on their business? I do not want to destroy the railroads; I do not want to hurt the railroads or any other business institutions in America, but I think it comes with poor grace for these men to come here and make an argument for a lower surtax rate in order to help the railroads to get money in order to carry on their business, when everybody knows they wrecked the New York, New Haven & Hartford, and that is the reason why they can not get partners.

They wrecked the Frisco line, they wrecked the Rock Island road, and the Gould outfit wrecked the Gould system. And then these men talk about reducing the surtax in order that they may get fresh money to put into their business.

Everybody knows, and I can prove, that 20 years ago the railroads owned every State legislature in this Union; they debauched everybody who was debauchable, if you please, in the interest of the railroads—not in the interest of the railroads, either, but in the interest of the men who were preparing and fixing to wreck the railroads of the country. And yet they come here, my friends, and ask you to reduce the surtaxes in order that these same railroads may get additional money.

Then, gentlemen, they do not want to take off the taxes on automobile trucks. Why? Because the automobile trucks in our country are competing with the railroads. One railroad president a short time ago appeared before a Senate committee and said he could not compete with the automobile and the trucks. That is largely true in my country. On a 25 or 30 mile haul they will not load a freight car, pay the freight, and unload it, but they will hire trucks and carry the freight in that way because they can do it cheaper. And one of the biggest railroad men in America, the highest-salaried railroad president in America, getting \$120,000 a year, made the statement before a Senate committee that the railroads could not compete with automobile trucks. He was asked, "What are we to do for you?" And he said, "I think you ought to make these highways toll roads." Yes; let the people pay for the roads and then make them toll roads and pay for going over them, thus reducing the competition with the railroads and permitting the railroads to still hold up the people, if you please, in freight and passenger rates. And yet they come here in this report and want you to reduce the surtaxes, the high surtaxes levied on the rich, my friends, because they want those people to have money to lend to the railroads and to the public utilities.

The public utilities are in the same fix. The public utilities in St. Louis are now in the hands of a receiver, as is the case in many other cities of the country, not because they were not a paying investment, but because of the wreckers of these institutions, the wreckers of those big business institutions, wreckers who wanted to milk the corporations and let the people and taxpayers in the localities hold the bag, if you please.

Mr. TAGUE speaks in the same strain on the floor of the House, as reported on page 2592 of the CONGRESSIONAL RECORD.

I want to direct the attention of every Member in this House to the railroad situation of this country. It can not be said that the condition of some of the railroads of the country to-day was caused by the war. It can not be said that their deplorable condition was caused by accident. It was rather the acts of unscrupulous men who robbed and plundered the treasuries of some of the railroads of this country for their own benefit.

I know whereof I speak. In my own State of Massachusetts, I served on the committee which investigated the theft of the capital of some of the railroads in New England. I also want to refer to the New York, New Haven & Hartford Railroad scandal, to the Boston & Maine Railroad scandal, to the street-railway scandal, to the destruction of competing steamboat lines by the New Haven Railroad, and then ask yourselves why the people of these United States will not put their money into these securities. Mr. Chairman and gentlemen of the House, these are only a few of the exhibitions by these men in high finance that cause the people to hesitate before again trusting them with their savings. They took from the people of New England over \$400,000,000 and drove the value of their securities in these railroads to practically nothing. Railroad stocks selling at over \$200 a share are now selling at \$13 a share; street-railroad lines and railroad companies in the hands of receivers; steamboat lines sold upon the market for practically nothing; and then these men come forward after their unscrupulous methods and say, "Give us more of the money of the people of this Nation that we may play with it."

Reference was made here to-day to the Rockefeller millions. It was men like Rockefeller and his associates who wrecked the Boston & Maine Railroad and the New York, New Haven & Hartford Railroad. For years Mr. Rockefeller played with the money of the people of this Nation, and when old age was coming and he thought he had played with the people's money long enough he took his earnings out of

industry and stocks and placed it in nontaxable securities, where it could not be touched by the taxation system of the Government, which had protected him in all these years. I am not afraid of nontaxable securities. There will be a time when we will reach nontaxable securities, and the time is not far distant. When the railroads apply to the people of this Nation for more money, let me say that the people of the country have lost confidence in railroad stocks and bonds and will no longer take them.

We will have more investigations in time to come perhaps, and we will have exposés as we are having to-day at the other end of the Capitol; but, my friends, business will never be good, the people will never trust the men in high finance again, until they resort to different methods than those of deception, bribery, and corruption.

NOW, CLASS, SOME CALISTHENICS.

But by this time the class must be tired of the shock of fiercely contending humans, so let us taper off with some didactic "questions and answers" on vital points developed in the committee and House discussions:

Question. While the motor user pays large sums to the United States he receives back large sums in road construction. Does any other class get similar treatment?

Answer. Yes. The steel industry is given contracts for steel used in battleships, but is not called on to pay a special tax. The farmer does not pay a special tax for the work of the Department of Agriculture. There is always a special benefit to somebody out of every activity for the general good, but others are not compelled to pay discriminatory taxes as the motor user is.

Highways are public property and are used by all the public. They are only constructed by the Nation. They are maintained by the State and its subdivisions. The motorist pays for their maintenance through State and local taxes.

No class should be called upon to bear the cost of a general benefit and in no other case is a class called upon to do so.

Further, the Government does not award money for highway construction for the sole benefit of the motor user. Highway construction constitutes a general benefit in which all participate. It increases property valuations, provides for the national defense, facilitates the Postal Service, lowers the cost of transportation, makes possible better health, police, fire, and sanitation standards for farmer and city man alike, and promotes the welfare of the Nation through binding communities and States together.

The Government does not appropriate highway funds for the benefit of the motor user, but because the whole public demands them.

HEAVY MOTOR TRUCKS.

Question. The heavy motor truck damages the road; why should not it pay the tax?

Answer. Every State has laws for the protection of its highways against abuse. These laws should be enforced; and where they are, the trucks do not unduly damage the highways. Witness Maryland, Connecticut, and other Commonwealths, where stringent overloading laws are enforced. These laws should be enforced everywhere, and no one in the motor industry holds any brief for those who violate them.

The testimony of T. H. MacDonald, Chief of the Bureau of Public Roads, before the Senate District Subcommittee on Traffic, set forth clearly that a load of 28,000 pounds is permissible under favorable weather conditions.

Regulatory laws exist. Will anyone say that the police can not enforce them?

The heavy motor truck is not used for pleasure. It is used only because of a public demand for transportation, and every cost added to its use must be paid for by the consumer. Examine the uses of the heavy vehicle, and it will be found transporting milk, meat, coal, building materials, and the other commodities essential to life. It is used only when it is cheaper than other forms of transport, or when it provides a transport which would not exist otherwise.

Its field is necessarily limited, but in its field it is indispensable.

GOOD MORNING, JUDGE.

Then come aluminum and other gougers on the component parts of the automobile, each predatory malefactor bending the back of the motorist still farther over his steering wheel.

Now I append a table showing some of the various gentry and interests which live off of and on and with the automotive industry. It is prepared by the National Automobile Chamber of Commerce, published in the Detroit Free Press, under date of January 6, 1924, covering the commodities going into the

manufacture of cars, such as iron and steel, aluminum, glass, and so forth. The clipping is as follows:

[From Detroit Free Press, January 6, 1924.]

Preliminary facts and figures of the automobile industry for 1923, by Alfred Reeves, general manager National Automobile Chamber of Commerce.

PRODUCTION.	
Cars and trucks	4,014,000
Cars	3,644,000
Trucks	370,000
Previous record motor-vehicle production, 1922	2,659,064
Percentage increase over 1922	50
Production of closed cars	1,235,000
Per cent closed cars	35
Total wholesale value of cars	\$2,243,885,000
Total wholesale value of trucks	\$267,500,000
Total wholesale value of cars and trucks	\$2,510,885,000
Tire production	45,000,000
Wholesale value of motor-vehicle tire business	\$760,000,000
Total wholesale value of parts and accessories, exclusive of tires	\$1,310,000,000
Average retail price of car, 1923	\$811
Average retail price of truck, 1923	\$1,080
Purchasing power of automobile dollar (1913=100)	\$1.11
Number of persons employed in motor-vehicle and allied lines	2,750,000
Special Federal excise taxes paid to United States Government by automobile industry in 1923	\$155,000,000

REGISTRATION.	
Motor vehicles registered in United States (approximately)	14,500,000
Motor cars	12,880,000
Motor trucks	1,620,000
World registration of motor vehicles	17,000,000
Per cent of world registration owned by United States	85
Motor vehicle registration on farms	4,250,000
Motor cars	3,890,000
Motor trucks	360,000
Miles of improved highway	430,000
Total miles of highways in United States	2,941,294

AUTOMOBILE'S RELATION TO OTHER BUSINESS.	
Number of carloads of automobiles, parts, and tires shipped over railroads	750,000
Per cent of rubber supply used by automobile industry	70
Per cent of plate glass supply used by automobile industry	36
Per cent of copper supply used by automobile industry	14
Per cent of aluminum supply used by automobile industry	25
Per cent of iron and steel supply used by automobile industry	4
Per cent of upholstery leather supply used by automobile industry	54
Gasoline consumed by motor vehicles, 1923 (gallons)	5,404,184,000

MOTOR BUS AND MOTOR TRUCK.	
Number of motor busses in use	51,000
Number of consolidated schools using motor transportation	12,500
Number of street railways using motor busses	107
Number of railroads using motor vehicles on short lines	157

EXPORTS.	
Number of motor vehicles exported from United States factories and Canadian plants owned in United States	328,333
Number of motor cars exported	189,884
Number of motor trucks exported	37,049
Number of assemblies abroad of American cars	101,400
Value of motor vehicles and parts exported (including engines and tires)	\$234,129,000
Rank of automobiles and parts among all exports	6
Per cent of motor vehicles exported	8
Imports of motor vehicles	890

MOTOR VEHICLE RETAIL BUSINESS IN UNITED STATES.	
Total car and truck dealers	43,607
Public garages	50,911
Service stations and repair shops	67,802
Supply stores	65,988

HIGHWAYS.	
The total amount paid into the United States Treasury from receipts on discriminatory motor taxes from 1917 to 1923, inclusive, was	\$589,000,000
The total withdrawals from the United States Treasury for Federal highway aid from 1917 to 1923, inclusive, were	\$264,800,000
Relation of highway withdrawals to motor payments, 45 per cent.	

HARK! A FRIENDLY VOICE.

Statement of Secretary of Agriculture Henry C. Wallace:

The automobile revenues of the Government for the last fiscal year ended June 30, 1923, were, in round numbers, \$146,000,000, and the withdrawals from the Treasury for Federal-aid highway purposes were approximately \$72,000,000, which indicates clearly that the owners and operators of motor vehicles on our highways are bearing more than double the entire Federal expenditure for roads.

In a day or so I hope to show the slimy trail of oil across the motorist's windshield and into his pocketbook, as shown in the congressional struggle of two years ago.

TIME AND THE VOTER CORRECT ALL.

Let us close with the sovereign voter, his friends and relatives. The table shows his habitat, and all candidates for the House and Senate will surely give this at least one fleeting glance. It is taken from a standard auto journal, the *Automotive Industries*, issue of January 10, 1924, and is presumed to represent the latest compilation of figures on the subject. It is estimated that 4,000,000 new cars will be sold in 1924. Thus does the prolific motor voter multiply!

Registration of motor vehicles.

States.	Total registration of cars and trucks.	Passenger cars.	Trucks.	Motor cycles.	Total fees.
Alabama.....	126,642	112,797	13,845	599	\$1,532,614
Arizona.....	48,386	41,852	6,534	388	281,584
Arkansas.....	111,946	100,758	11,188	300	1,698,000
California.....	1,093,660	1,050,265	43,395	14,654	10,548,386
Colorado.....	189,500	176,000	13,500	2,500	1,125,500
Connecticut.....	191,647	156,747	34,900	2,500	4,329,269
Delaware.....	29,500	24,000	5,500	400	625,000
District of Columbia.....	103,171	94,787	8,384	2,510	445,712
Florida.....	160,000	130,000	30,000	1,200	1,963,000
Georgia.....	173,794	151,325	22,469	1,011	2,156,406
Idaho.....	62,350	56,950	5,400	670	913,440
Illinois.....	969,092	847,005	122,087	7,612	9,653,795
Indiana.....	582,882	509,821	73,061	5,000	8,993,699
Iowa.....	572,611	536,296	36,315	3,034	8,825,962
Kansas.....	375,594	349,038	26,556	1,950	203,158
Kentucky.....	196,110	175,869	20,241	1,014	2,680,580
Louisiana.....	138,500	117,500	21,000	350	2,200,000
Maine.....	106,847	91,055	15,792	1,558	1,659,349
Maryland.....	206,450	193,850	12,600	4,850	3,452,720
Massachusetts.....	566,150	482,645	83,505	11,733	6,989,633
Michigan.....	728,327	655,017	73,310	4,163	8,845,575
Minnesota.....	448,187	399,404	48,783	3,220	7,244,490
Mississippi.....	103,850	93,850	10,000	114	1,166,923
Missouri.....	450,800	405,720	45,080	2,000	4,800,000
Montana.....	73,827	65,448	8,379	374	729,678
Nebraska.....	285,488	258,941	26,547	1,605	3,350,640
Nevada.....	15,700	12,400	3,300	90	155,000
New Hampshire.....	59,571	52,583	6,988	1,987	1,447,000
New Jersey.....	418,212	329,534	88,678	8,779	7,927,439
New Mexico.....	31,737	28,564	3,173	172	280,000
New York.....	1,214,090	966,116	247,974	22,981	19,858,572
North Carolina.....	247,700	226,500	21,200	1,300	6,642,503
North Dakota.....	109,244	105,957	3,287	645	760,444
Ohio.....	1,072,750	924,832	147,918	15,300	9,500,000
Oklahoma.....	307,000	288,424	18,576	823	3,380,000
Oregon.....	166,403	152,967	13,436	3,140	4,069,550
Pennsylvania.....	1,064,625	899,697	164,928	19,817	15,828,494
Rhode Island.....	116,940	93,303	23,637	1,800	1,440,257
South Carolina.....	128,656	116,537	12,119	561	902,608
South Dakota.....	131,707	121,152	10,555	466	2,000,000
Tennessee.....	165,000	146,500	18,500	800	2,200,000
Texas.....	688,899	618,208	70,691	3,346	5,647,663
Utah.....	66,025	57,460	8,565	766	834,225
Vermont.....	52,776	49,420	3,356	839	938,860
Virginia.....	217,200	188,200	29,000	1,800	2,500,000
Washington.....	258,264	221,164	37,100	3,560	4,200,000
West Virginia.....	157,926	150,472	7,454	1,353	2,608,508
Wisconsin.....	455,714	422,714	33,000	5,643	4,968,053
Wyoming.....	39,845	35,295	4,550	291	415,000
Total.....	15,281,295	13,484,939	1,796,356	171,568	189,919,289

Mr. HASTINGS. Mr. Speaker, the question of tax reduction is, of course, one of intense interest to everyone throughout the country. The bill under consideration is to amend and take the place of the revenue act of 1921, and has for its purpose to reduce and equalize taxes and to provide revenue.

The bill as originally introduced contained 344 printed pages. Almost every provision of the revenue act of 1921 is amended, either by additions or eliminations or changes of some kind, and there has been much misrepresentation as to the attitude of Members of Congress spread broadcast throughout the country by well-organized propaganda. A very large number of people were led to believe that the so-called Mellon plan and tax reduction were synonymous. For that reason many letters and telegrams were sent to Members of Congress, and resolutions were passed urging that the Representatives in Congress should support the so-called Mellon plan of tax reduction. The records show that this tax bill was introduced in the House of Representatives on February 7, 1924 (H. R. 6715), and was reported by the Ways and Means Committee on February 11, 1924, and the reported bill contained 242 pages. Of course, the public could not have known many of the provisions of the bill prior to that time.

The truth is that every Member of Congress was in favor of tax reduction, the only differences between them being as to the plan of reduction.

The Committee on Ways and Means reported the Mellon plan in sections 210 and 211 of the proposed bill.

Section 210 deals with the normal tax and it provides for the collection of a normal tax of 3 per cent of the net income upon the first \$4,000 over and above the exemption of \$1,000 allowed to a single person, and the exemption of \$2,500 allowed to married persons whose incomes are less than \$5,000, and 6 per cent on all the income in excess of that amount; and section 211 of the so-called Mellon, or Treasury plan, provides that a surtax shall be collected beginning with 1 per cent of the amount by which the net income exceeds \$10,000, and does not exceed \$12,000, and is graduated upward until 25 per cent is collected on the net income which exceeds \$100,000. The difference between this so-called Mellon plan and the Democratic plan is:

First. The exemption of an unmarried person is raised from \$1,000 to \$2,000, and the exemption of married persons is raised from \$2,500 to \$3,000.

Second. The normal income-tax rate is 2 per cent on amounts of \$5,000 and under, 4 per cent on amounts from \$5,000 to \$10,000, and 6 per cent on all amounts in excess of \$10,000.

Third. The surtaxes levied under the Democratic plan begin with a 1 per cent surtax on all incomes between \$12,000 and \$14,000, and were graduated upward until 44 per cent was collected on all incomes between \$92,000 and \$94,000, and on all incomes above that amount. For convenient reference, and in order that the two plans may be compared, I am inserting herewith the surtax rates as proposed by the two plans and the Longworth substitute or compromise:

Comparison of surtax rates.

Income.	Present law.	Mellon plan.	Democratic plan.	Longworth compromise plan.
	Per cent.	Per cent.	Per cent.	Per cent.
\$6,000-\$10,000.....	1	0	0	0
\$10,000-\$12,000.....	2	1	0	1
\$12,000-\$14,000.....	3	2	1	2
\$14,000-\$16,000.....	4	3	2	3
\$16,000-\$18,000.....	5	4	3	3
\$18,000-\$20,000.....	6	5	4	4
\$20,000-\$22,000.....	8	6	5	6
\$22,000-\$24,000.....	9	7	6	6
\$24,000-\$26,000.....	10	8	7	7
\$26,000-\$28,000.....	11	9	8	8
\$28,000-\$30,000.....	12	10	9	9
\$30,000-\$32,000.....	13	11	10	9
\$32,000-\$34,000.....	15	12	11	11
\$34,000-\$36,000.....	15	13	12	11
\$36,000-\$38,000.....	16	14	13	12
\$38,000-\$40,000.....	17	14	14	12
\$40,000-\$42,000.....	18	15	15	13
\$42,000-\$44,000.....	19	15	16	14
\$44,000-\$46,000.....	20	16	17	15
\$46,000-\$48,000.....	21	16	18	15
\$48,000-\$50,000.....	22	16	19	16
\$50,000-\$52,000.....	23	16	20	17
\$52,000-\$54,000.....	24	17	21	18
\$54,000-\$56,000.....	25	17	22	18
\$56,000-\$58,000.....	26	17	23	19
\$58,000-\$60,000.....	27	18	24	20
\$60,000-\$62,000.....	28	18	25	21
\$62,000-\$64,000.....	28	18	26	21
\$64,000-\$66,000.....	29	18	27	21
\$66,000-\$68,000.....	29	18	28	21
\$68,000-\$70,000.....	30	19	29	22
\$70,000-\$72,000.....	30	19	30	22
\$72,000-\$74,000.....	31	19	31	23
\$74,000-\$76,000.....	32	19	32	24
\$76,000-\$78,000.....	33	20	33	24
\$78,000-\$80,000.....	34	20	34	25
\$80,000-\$82,000.....	35	20	35	26
\$82,000-\$84,000.....	36	21	36	27
\$84,000-\$86,000.....	37	21	37	27
\$86,000-\$88,000.....	38	21	38	28
\$88,000-\$90,000.....	39	22	39	29
\$90,000-\$92,000.....	40	22	40	30
\$92,000-\$94,000.....	41	23	41	30
\$94,000-\$96,000.....	42	23	42	31
\$96,000-\$98,000.....	43	23	43	32
\$98,000-\$100,000.....	44	24	44	33
\$100,000-\$102,000.....	45	24	44	34
\$102,000-\$104,000.....	46	24	44	35
\$104,000-\$106,000.....	47	25	44	36
\$106,000-\$108,000.....	48	25	44	36
\$108,000-\$110,000.....	49	25	44	36
\$110,000-\$112,000.....	50	25	44	37
\$112,000-\$114,000.....				
\$114,000-\$116,000.....				
\$116,000-\$118,000.....				
\$118,000-\$120,000.....				
\$120,000-\$122,000.....				
\$122,000-\$124,000.....				
\$124,000-\$126,000.....				
\$126,000-\$128,000.....				
\$128,000-\$130,000.....				
\$130,000-\$132,000.....				
\$132,000-\$134,000.....				
\$134,000-\$136,000.....				
\$136,000-\$138,000.....				
\$138,000-\$140,000.....				
\$140,000-\$142,000.....				
\$142,000-\$144,000.....				
\$144,000-\$146,000.....				
\$146,000-\$148,000.....				
\$148,000-\$150,000.....				
\$150,000-\$152,000.....				
\$152,000-\$154,000.....				
\$154,000-\$156,000.....				
\$156,000-\$158,000.....				
\$158,000-\$160,000.....				
\$160,000-\$162,000.....				
\$162,000-\$164,000.....				
\$164,000-\$166,000.....				
\$166,000-\$168,000.....				
\$168,000-\$170,000.....				
\$170,000-\$172,000.....				
\$172,000-\$174,000.....				
\$174,000-\$176,000.....				
\$176,000-\$178,000.....				
\$178,000-\$180,000.....				
\$180,000-\$182,000.....				
\$182,000-\$184,000.....				
\$184,000-\$186,000.....				
\$186,000-\$188,000.....				
\$188,000-\$190,000.....				
\$190,000-\$192,000.....				
\$192,000-\$194,000.....				
\$194,000-\$196,000.....				
\$196,000-\$198,000.....				
\$198,000-\$200,000.....				
\$200,000 and over.....				

An examination of these plans shows that the Democratic plan relieves the small income-tax payer by, first, increasing the exemptions on single persons from \$1,000 to \$2,000, and upon married persons whose incomes are less than \$5,000 from \$2,500 to \$3,000; second, reducing the normal taxes on the smaller incomes; and, third, increasing the exemptions upon which surtaxes are collected so as to begin at the rate of 1 per

cent upon net incomes between \$12,000 and \$14,000, instead of beginning, as does the Mellon plan, at the rate of 1 per cent upon net incomes between \$10,000 and \$12,000; and the Democratic plan increases the income taxes collected upon those paying the higher incomes so as to collect 44 per cent on net incomes of \$92,000 or more, whereas the Treasury or Mellon plan collects only 25 per cent on the higher net incomes of \$100,000 or more.

Stating the matter in a different way and using the statistics of the year 1921, these being the last figures available, 6,662,176 persons made Federal income-tax returns in 1921. The Democratic plan will afford a greater reduction upon 6,652,833 persons making income-tax returns, while under the Treasury or Mellon plan only 9,343 persons will receive a greater reduction in their taxes than they would receive under the Democratic plan.

In my State of Oklahoma 69,381 persons made Federal income-tax returns in 1921. Of these, 69,349 persons will receive a greater reduction under the Democratic plan, whereas only 32 would receive a greater reduction under the Mellon or Treasury plan. In order that these figures may be available, I am inserting herewith a table showing numerical comparison of taxpayers by States for the year 1921, the latest available statistics from the Treasury Department, as follows:

[The first column of figures represents the number of persons in each State who paid Federal taxes in 1921; the second column represents those who will receive a greater reduction in their taxes under the Democratic plan than under the Mellon plan; and the third column represents those who will receive a greater reduction in their taxes under the Mellon plan than under the Democratic plan.]

State.	(1)	(2)	(3)
Alabama.....	43,009	42,975	34
Arizona.....	18,477	18,476	1
Arkansas.....	33,830	33,820	10
California.....	286,082	285,647	435
Colorado.....	69,676	69,636	40
Connecticut.....	123,269	123,096	173
Delaware.....	15,589	15,872	17
District of Columbia.....	89,966	89,804	162
Florida.....	42,249	42,221	28
Georgia.....	67,719	67,671	48
Hawaii.....	11,481	11,451	30
Idaho.....	22,976	22,974	2
Illinois.....	611,558	610,703	855
Indiana.....	150,300	150,216	84
Iowa.....	111,483	111,441	42
Kansas.....	88,785	88,770	15
Kentucky.....	69,496	69,451	45
Louisiana.....	67,960	67,911	49
Maine.....	44,397	44,355	42
Maryland.....	112,963	112,787	176
Massachusetts.....	388,442	387,693	749
Michigan.....	250,147	249,883	264
Minnesota.....	124,501	124,370	131
Mississippi.....	25,614	25,606	8
Missouri.....	172,519	172,350	169
Montana.....	36,907	36,903	4
Nebraska.....	71,853	71,832	21
Nevada.....	9,719	9,717	2
New Hampshire.....	32,410	32,386	24
New Jersey.....	269,096	268,692	404
New Mexico.....	11,780	11,778	2
New York.....	1,066,637	1,063,606	3,031
North Carolina.....	44,161	44,109	52
North Dakota.....	18,440	18,439	1
Ohio.....	367,096	366,657	439
Oklahoma.....	69,381	69,349	32
Oregon.....	62,804	62,776	28
Pennsylvania.....	621,103	619,885	1,218
Rhode Island.....	48,057	47,919	138
South Carolina.....	25,160	25,149	11
South Dakota.....	21,681	21,680	1
Tennessee.....	60,949	60,919	30
Texas.....	200,188	200,084	104
Utah.....	26,128	26,125	3
Vermont.....	17,746	17,732	14
Virginia.....	76,257	76,225	32
Washington (Alaska).....	115,688	115,659	29
West Virginia.....	75,277	75,215	62
Wisconsin.....	148,457	148,350	107
Wyoming.....	22,413	22,408	5
Total.....	6,662,176	6,652,833	9,343

When these figures are compared and analyzed, and the people are advised as to the difference between the two plans, I assert with great confidence that they will favor the adoption of the Democratic plan.

In order to assist in making a further comparison I am inserting a table showing comparative tax of married persons without dependents and the percentage of reduction under the Mellon and under the Democratic plans as compared with existing law, as follows:

Income.	Amount of tax under—			Per cent reduction under—	
	Present law.	Mellon plan.	Democratic plan.	Mellon plan.	Democratic plan.
\$5,000.....	\$100.00	\$75.00	\$40.00	Per cent.	Per cent.
\$10,000.....	520.00	360.00	240.00	25.00	60.00
\$20,000.....	1,720.00	1,260.00	1,040.00	30.76	53.84
\$30,000.....	3,520.00	2,660.00	2,340.00	26.74	39.53
\$40,000.....	5,840.00	4,540.00	4,140.00	24.43	30.68
\$50,000.....	8,640.00	6,680.00	6,440.00	22.26	29.10
\$60,000.....	11,940.00	8,980.00	8,240.00	22.68	25.46
\$70,000.....	15,740.00	11,640.00	10,760.00	24.70	22.61
\$80,000.....	20,040.00	14,030.00	13,850.00	26.04	18.99
\$90,000.....	24,840.00	16,880.00	16,450.00	29.74	15.91
\$100,000.....	30,140.00	19,940.00	20,430.00	32.04	13.64
\$200,000.....	86,640.00	52,740.00	76,430.00	33.84	12.30
				39.12	11.78

The above table shows the amount of tax that would be collected under the present law, the amount that would be collected under the Mellon plan, and the saving to the taxpayers that would be effected under the Democratic plan.

Upon a vote in the House upon the two plans, the Mellon plan was rejected by a vote of 261 to 153, or by a majority of 108 votes. Sixty-two Republicans voted against the Mellon plan and in favor of the Democratic plan. The so-called compromise plan, introduced by the majority leader, Mr. Longworth, does not materially differ from the Democratic plan. The principal differences are, first, the Longworth compromise plan does not raise the exemption upon individuals from \$1,000 to \$2,000, nor upon married persons from \$2,500 to \$3,000, as does the Democratic plan; second, it lowers the normal taxes, as does the Democratic plan, to 2 per cent upon the first \$4,000, in excess of exemptions, and then it collects 5 per cent upon the next \$4,000, and thereafter 6 per cent is the normal tax collected, whereas the Democratic plan imposes a normal income tax of 2 per cent on amounts of \$5,000, 4 per cent on amounts from \$5,000 to \$10,000, and 6 per cent on the net incomes in excess of that amount; and, third, the compromise plan collects a surtax on net incomes between \$10,000 and \$12,000, whereas the Democratic plan begins imposing a surtax on net incomes between \$12,000 and \$14,000, and both plans graduate the surtax until 37½ per cent is collected in the highest brackets under the compromise plan upon net incomes of \$200,000 or over, whereas the Democratic plan collects 44 per cent upon net incomes of \$92,000 and over that amount.

There is no difference in principle between the plans, except as herein stated, between the Democratic plan and the compromise plan.

It is estimated that the raising of exemptions on incomes from \$1,000 to \$2,000 on single persons, and from \$2,500 to \$3,000 on married persons, would relieve about 800,000 persons from making returns, who are now required to make such returns, and would relieve from further taxes nearly 1,646,000 persons whose average taxes are under \$12,000 each.

For convenient reference I am inserting the following comparative table showing amount of surtax under the existing law, Mellon plan, Democratic plan, and Longworth compromise plan:

Income.	Present.	Mellon.	Democratic.	Longworth.
\$11,000.....	\$60.00	\$10.00	.....	\$15.00
\$12,000.....	80.00	20.00	.....	30.00
\$13,000.....	110.00	40.00	\$10.00	52.50
\$14,000.....	140.00	60.00	20.00	75.00
\$15,000.....	180.00	90.00	40.00	105.00
\$16,000.....	220.00	120.00	60.00	135.00
\$17,000.....	270.00	160.00	90.00	172.50
\$18,000.....	320.00	200.00	120.00	210.00
\$19,000.....	380.00	250.00	160.00	255.00
\$20,000.....	440.00	300.00	200.00	300.00
\$21,000.....	520.00	360.00	250.00	360.00
\$22,000.....	600.00	420.00	300.00	420.00
\$23,000.....	690.00	490.00	360.00	487.50
\$24,000.....	780.00	560.00	420.00	555.00
\$25,000.....	880.00	640.00	490.00	630.00
\$26,000.....	980.00	720.00	560.00	705.00
\$27,000.....	1,090.00	810.00	640.00	787.50
\$28,000.....	1,200.00	900.00	720.00	870.00
\$29,000.....	1,320.00	1,000.00	810.00	960.00
\$30,000.....	1,440.00	1,100.00	900.00	1,050.00
\$31,000.....	1,570.00	1,210.00	1,000.00	1,147.50
\$32,000.....	1,700.00	1,320.00	1,100.00	1,245.00
\$33,000.....	1,860.00	1,440.00	1,210.00	1,357.50

Income.	Present.	Mellon.	Democrat.	Longworth.
\$34,000.....	\$2,000.00	\$1,500.00	\$1,320.00	\$1,470.00
\$35,000.....	2,150.00	1,600.00	1,440.00	1,582.50
\$36,000.....	2,300.00	1,700.00	1,560.00	1,720.00
\$37,000.....	2,450.00	1,800.00	1,680.00	1,815.00
\$38,000.....	2,600.00	1,900.00	1,800.00	1,935.00
\$39,000.....	2,750.00	2,000.00	1,920.00	2,062.50
\$40,000.....	2,900.00	2,100.00	2,040.00	2,190.00
\$41,000.....	3,050.00	2,200.00	2,160.00	2,322.50
\$42,000.....	3,200.00	2,300.00	2,280.00	2,460.00
\$43,000.....	3,350.00	2,400.00	2,400.00	2,602.50
\$44,000.....	3,500.00	2,500.00	2,520.00	2,745.00
\$45,000.....	3,650.00	2,600.00	2,640.00	2,887.50
\$46,000.....	3,800.00	2,700.00	2,760.00	3,045.00
\$47,000.....	3,950.00	2,800.00	2,880.00	3,202.50
\$48,000.....	4,100.00	2,900.00	3,000.00	3,360.00
\$49,000.....	4,250.00	3,000.00	3,120.00	3,522.50
\$50,000.....	4,400.00	3,100.00	3,240.00	3,690.00
\$51,000.....	4,550.00	3,200.00	3,360.00	3,862.50
\$52,000.....	4,700.00	3,300.00	3,480.00	4,035.00
\$53,000.....	4,850.00	3,400.00	3,600.00	4,215.00
\$54,000.....	5,000.00	3,500.00	3,720.00	4,395.00
\$55,000.....	5,150.00	3,600.00	3,840.00	4,582.50
\$56,000.....	5,300.00	3,700.00	3,960.00	4,770.00
\$57,000.....	5,450.00	3,800.00	4,080.00	4,962.50
\$58,000.....	5,600.00	3,900.00	4,200.00	5,160.00
\$59,000.....	5,750.00	4,000.00	4,320.00	5,362.50
\$60,000.....	5,900.00	4,100.00	4,440.00	5,565.00
\$61,000.....	6,050.00	4,200.00	4,560.00	5,775.00
\$62,000.....	6,200.00	4,300.00	4,680.00	5,985.00
\$63,000.....	6,350.00	4,400.00	4,800.00	6,202.50
\$64,000.....	6,500.00	4,500.00	4,920.00	6,420.00
\$65,000.....	6,650.00	4,600.00	5,040.00	6,645.00
\$66,000.....	6,800.00	4,700.00	5,160.00	6,870.00
\$67,000.....	6,950.00	4,800.00	5,280.00	7,102.50
\$68,000.....	7,100.00	4,900.00	5,400.00	7,335.00
\$69,000.....	7,250.00	5,000.00	5,520.00	7,575.00
\$70,000.....	7,400.00	5,100.00	5,640.00	7,815.00
\$71,000.....	7,550.00	5,200.00	5,760.00	8,062.50
\$72,000.....	7,700.00	5,300.00	5,880.00	8,310.00
\$73,000.....	7,850.00	5,400.00	6,000.00	8,565.00
\$74,000.....	8,000.00	5,500.00	6,120.00	8,820.00
\$75,000.....	8,150.00	5,600.00	6,240.00	9,082.50
\$76,000.....	8,300.00	5,700.00	6,360.00	9,345.00
\$77,000.....	8,450.00	5,800.00	6,480.00	9,615.00
\$78,000.....	8,600.00	5,900.00	6,600.00	9,885.00
\$79,000.....	8,750.00	6,000.00	6,720.00	10,162.50
\$80,000.....	8,900.00	6,100.00	6,840.00	10,440.00
\$81,000.....	9,050.00	6,200.00	6,960.00	10,725.00
\$82,000.....	9,200.00	6,300.00	7,080.00	11,010.00
\$83,000.....	9,350.00	6,400.00	7,200.00	11,302.50
\$84,000.....	9,500.00	6,500.00	7,320.00	11,595.00
\$85,000.....	9,650.00	6,600.00	7,440.00	11,895.00
\$86,000.....	9,800.00	6,700.00	7,560.00	12,195.00
\$87,000.....	9,950.00	6,800.00	7,680.00	12,502.50
\$88,000.....	10,100.00	6,900.00	7,800.00	12,810.00
\$89,000.....	10,250.00	7,000.00	7,920.00	13,125.00
\$90,000.....	10,400.00	7,100.00	8,040.00	13,440.00
\$91,000.....	10,550.00	7,200.00	8,160.00	13,762.50
\$92,000.....	10,700.00	7,300.00	8,280.00	14,085.00
\$93,000.....	10,850.00	7,400.00	8,400.00	14,415.00
\$94,000.....	11,000.00	7,500.00	8,520.00	14,745.00
\$95,000.....	11,150.00	7,600.00	8,640.00	15,082.50
\$96,000.....	11,300.00	7,700.00	8,760.00	15,420.00
\$97,000.....	11,450.00	7,800.00	8,880.00	15,765.00
\$98,000.....	11,600.00	7,900.00	9,000.00	16,110.00
\$99,000.....	11,750.00	8,000.00	9,120.00	16,462.50
\$100,000.....	11,900.00	8,100.00	9,240.00	16,815.00
\$150,000.....	46,450.00	26,580.00	42,790.00	34,815.00
\$200,000.....	70,960.00	39,080.00	64,790.00	53,190.00
\$250,000.....	95,960.00	51,580.00	86,790.00	71,940.00

TAX REDUCTION JUSTIFIED.

The Treasury Department, under date of November 10, 1923, advised that there would be a surplus of more than \$300,000,000 for the present year. For the fiscal year 1923, ending on June 30, 1923, there was a surplus of \$309,657,460.30, and it is estimated for the year 1924 there will be a surplus of \$329,639,924, and for the fiscal year of 1925, \$395,681,634.

It will be seen, therefore, that it was the plain duty of the Congress to relieve the people of these unnecessary tax burdens.

It is interesting to remember that when the adjusted compensation bill was passed by the last Congress the Treasury Department, in order to justify a presidential veto of that bill, estimated that there would be a deficit of approximately \$650,000,000.

OTHER PROVISIONS OF THE BILL.

There are, of course, many other provisions of the bill in addition to the income-tax provisions contained in sections 210 and 211.

The inheritance taxes were increased, and a tax on gifts imposed, and the excise taxes were either reduced or eliminated. The 2-cent tax on each \$100 promissory note was repealed, as was the tax on theater admissions where the price of admission is 50 cents and under. A liberal exemption of \$1,000 was allowed on automobiles, and a reduction from 5 per cent to 2½ per cent was made on automobile accessories. The administrative features were improved, in effect embodying in

legislation many of the rules and regulations of the Treasury Department.

I really favor a larger reduction of excise taxes.

NECESSITY FOR STRICTEST ECONOMY.

In this connection permit me to repeat that the Congress should closely scrutinize every appropriation, and there should be the strictest economy in every branch of the Government. When money is appropriated it comes from the people and must be collected through taxation, direct and indirect. The people of the several States should, however, be reminded that most of the taxes which they pay, including ad valorem taxes and State income and other State taxes, are for local purposes to maintain their State governments, and for county, municipal, and educational purposes, and in this connection the people should be urged again to use the strictest economy against extravagant or unnecessary expenditures of all kinds. Their tax receipts will indicate for what purposes the taxes are collected.

HISTORY OF INCOME-TAX LEGISLATION.

The question of income-tax legislation as applied to the United States is an interesting one. The first income-tax law was enacted during the Civil War, on August 5, 1861, and amended July 1, 1862, and was repealed in 1872.

The next income-tax bill was enacted August 15, 1894, but was declared unconstitutional by the Supreme Court of the United States in the Pollock case, on rehearing, May 20, 1895 (158 U. S. 601). This led to the proposal and adoption of the Sixteenth Amendment to the Constitution, as follows:

The Congress shall have power to lay and collect taxes on incomes from whatever source derived without apportionment among the several States and without regard to any census or enumeration.

which was declared to have been ratified in a proclamation dated February 25, 1913.

The first income-tax law under this amendment was enacted October 3, 1913, as subdivision 2 of the tariff act. Other income tax acts have been passed—in 1916, 1917, 1919, and 1921. Nearly all of the leading countries of the world at the present time raise a large part of their revenue to sustain their respective governments by an income tax. It is conceded to be the fairest tax that is levied. No tax, direct or indirect, is popular, but conceding that the Government is economically run, that there are no extravagances, and that a certain amount of money is absolutely necessary to pay the expenses of government, the income tax, with certain exemptions to exclude small incomes, and deductions for families and other purposes, is based upon the amount actually earned during any calendar year. It is a tax upon wealth, taking into consideration the ability of the taxpayer to pay. It is a fair and a just tax provided it is equitably distributed and provided, of course, that no more money is collected from the people of the country than is absolutely necessary to pay the expenses of the Government economically administered.

THE BUDGET SYSTEM.

I supported the Budget system and made a speech in its favor in the House on October 25, 1919.

The Congress should not increase expenditures not recommended, except for the most urgent needs of the Government.

President Wilson strongly urged the Budget system, as did Hon. John J. Fitzgerald and Hon. Swager Sherley, both Democratic chairmen of the House Committee on Appropriations, and Congress, during the Wilson administration, passed the bill, but President Wilson was compelled to veto it because an unconstitutional provision was incorporated in it as to the manner of removing the head of the bureau—the Comptroller General—by a joint resolution of Congress. The Department of Justice held that this provision was unconstitutional, and President Wilson, though strongly favoring Budget legislation, felt compelled to veto the bill and urged Congress to re-pass the bill with the above objection eliminated. The Republican Congress refused to act upon his recommendation and permitted the bill to go over into the succeeding Congress and then enacted it in order to claim the credit for it politically.

CONSTITUTIONAL AMENDMENT.

In order to further aid in reducing appropriations I have introduced a constitutional amendment, which is pending before the Judiciary Committee, authorizing and empowering the President of the United States to veto separate items in an appropriation bill. The constitution of the State of Oklahoma has a similar provision. Many other State constitutions have like provisions. The governors of nearly all the States have indorsed this provision. Congress has heretofore been severely

criticized for including questionable items in appropriation bills for local purposes. This provision would enable the President to veto any separate item in an appropriation bill. The only objection urged against it is the reluctance to add another amendment to the Constitution, but of course that is an objection that could be urged against any amendment to the Constitution.

EXPENDITURES ENORMOUSLY INCREASED.

The expenditures of the Government have of course increased from year to year, and in order that we may have for convenient reference the amount of such increases so that they may be compared year by year I am submitting herewith the expenditures made from the beginning of our Government down to the present time. These expenditures include the civil and miscellaneous expenses, War Department, including rivers and harbors, Panama Canal, Navy Department, Indians, pensions, postal deficiencies, interest on the public debt, as shown by the annual report of the Secretary of the Treasury for the fiscal year ending June 30, 1923, as follows:

Expenditures of the United States Government, by fiscal years, from 1791 to 1923.

TOTAL EXPENDITURES CHARGEABLE AGAINST ORDINARY RECEIPTS.

1791	\$4,269,027
1792	5,079,532
1793	4,482,313
1794	6,990,839
1795	7,539,809
1796	5,726,986
1797	6,133,634
1798	7,676,504
1799	9,666,455
1800	10,786,075
1801	9,394,582
1802	7,862,118
1803	7,851,653
1804	8,719,442
1805	10,506,234
1806	9,803,617
1807	8,354,151
1808	9,932,492
1809	10,280,748
1810	8,156,510
1811	8,058,337
1812	20,280,771
1813	31,681,852
1814	34,720,926
1815	32,708,139
1816	30,586,691
1817	21,843,820
1818	19,825,121
1819	21,463,810
1820	18,260,627
1821	15,810,753
1822	15,000,220
1823	14,706,840
1824	20,326,708
1825	15,857,229
1826	17,035,797
1827	16,139,168
1828	16,394,843
1829	15,203,333
1830	15,143,066
1831	15,247,651
1832	17,288,950
1833	23,017,552
1834	18,627,569
1835	17,572,813
1836	30,868,164
1837	37,243,496
1838	33,865,059
1839	26,899,128
1840	24,317,579
1841	26,565,873
1842	25,205,761
1843	11,858,075
1844	22,337,571
1845	22,937,408
1846	27,766,925
1847	57,281,412
1848	45,377,226
1849	45,051,657
1850	39,543,492
1851	47,709,017
1852	44,194,919
1853	48,184,111
1854	58,044,862
1855	59,742,668
1856	69,571,026
1857	67,795,708
1858	74,185,270
1859	69,070,977
1860	63,130,598
1861	66,546,645
1862	474,761,819
1863	714,740,725
1864	865,322,642
1865	1,297,555,224
1866	520,809,417
1867	357,542,675
1868	377,340,285
1869	322,865,278
1870	309,653,561

1871	\$292,177,188
1872	277,517,963
1873	290,345,245
1874	302,633,873
1875	274,623,393
1876	265,101,086
1877	241,334,475
1878	236,964,327
1879	266,947,884
1880	267,712,968
1881	260,712,888
1882	257,981,440
1883	265,408,138
1884	244,126,244
1885	260,226,935
1886	242,483,139
1887	267,923,181
1888	267,924,861
1889	269,288,978
1890	318,440,711
1891	365,773,904
1892	345,023,331
1893	383,477,953
1894	367,525,281
1895	356,195,298
1896	352,179,446
1897	365,774,459
1898	443,368,583
1899	605,072,179
1900	520,860,847
1901	524,616,925
1902	485,234,249
1903	517,006,127
1904	583,659,900
1905	567,278,914
1906	570,202,278
1907	579,128,842
1908	659,196,320
1909	693,743,835
1910	693,617,085
1911	691,201,512
1912	689,881,354
1913	724,511,963
1914	735,081,431
1915	760,586,862
1916	741,966,727
1917	2,086,042,104
1918	13,791,967,895
1919	18,952,141,180
1920	6,141,746,240
1921	4,891,106,819
1922	3,618,037,797
1923	3,647,647,849

Let me emphasize that the above expenditures do not include the amounts annually expended for the Postal Service but do include the amounts appropriated for postal deficits.

Contrast the expenditure of \$4,269,027 for the first 15 months of Washington's administration with the expenditure of \$3,647,647,849 appropriated for the fiscal year ending June 30, 1923.

The revenues received by our Government, from all sources, for the fiscal year ending June 30, 1923, were as follows:

Ordinary receipts.	Fiscal year 1923.	Corresponding period fiscal year 1922.
Customs.....	\$561,928,866.06	\$356,443,387.18
Internal revenue:		
Income and profits tax.....	1,678,607,428.22	2,068,128,192.68
Miscellaneous internal revenue.....	945,865,332.61	1,145,125,054.11
Miscellaneous receipts:		
Proceeds Government-owned securities—		
Foreign obligations—		
Principal.....	31,656,907.64	48,673,554.63
Interest.....	201,332,247.86	26,548,513.03
Railroad securities.....	69,297,348.01	
All others.....	46,361,371.60	26,079,128.49
Trust-fund receipts (reappropriated for investment).....	26,862,679.69	42,113,437.75
Proceeds sale of surplus property.....	91,706,388.29	113,003,799.68
Panama Canal tolls, etc.....	17,271,855.23	11,747,002.47
Receipts from miscellaneous sources credited direct to appropriations.....	65,911,405.93	
Other miscellaneous.....	240,333,648.82	270,638,980.92
Total.....	4,007,135,480.56	4,109,104,150.94

This table shows the amount, and from the sources collected, of all money received by the Federal Government for the above period, but does not include postal receipts of \$532,827,925.09. The postal receipts added to the above amounts of revenue collected makes a grand total of \$4,641,932,076.03.

THE FOREIGN DEBT.

Our Federal taxes could be further reduced, provided all of our foreign loans were funded and the interest and amortized payments regularly paid. The Treasury Department reported, under date of December 3, 1923, the following advances therefore made on account of purchase of obligations of foreign governments:

Countries.	Credits established.	Cash advanced.	Other charges against credits.	Balance under established credits.
Belgium.....	\$349,214,467.89	\$349,214,467.89	.....	.....
Cuba.....	10,000,000.00	10,000,000.00	.....	.....
Czechoslovakia.....	67,329,041.10	61,974,041.10	.....	\$5,355,000.00
France.....	2,997,477,800.00	2,997,477,800.00	.....	.....
Great Britain.....	4,277,000,000.00	4,277,000,000.00	.....	.....
Greece.....	48,236,620.05	15,000,000.00	\$33,236,620.05	.....
Italy.....	1,648,084,050.90	1,648,084,050.90	.....	.....
Libya.....	26,000.00	26,000.00	.....	.....
Rumania.....	25,000,000.00	25,000,000.00	.....	.....
Russia.....	187,729,750.00	187,729,750.00	.....	.....
Serbia.....	26,780,465.56	26,780,465.56	.....	.....
Total.....	9,636,828,204.50	9,598,236,575.45	33,236,620.05	5,355,000.00

Of these amounts the indebtedness of Great Britain has been funded.

There have also been some payments of comparatively small amounts on the above obligations but not sufficient to pay the interest thereon, and hence the amount due, principal and interest, is in excess of the above amounts.

Under date of December 3, 1923, the Treasury Department reports repayments on account of the principal of obligations of foreign governments purchased by the United States have been made as follows:

Belgian Government.....	\$2,003,659.21
Cuban Government.....	10,000,000.00
French Government.....	64,212,568.04
British Government.....	202,181,641.56
Rumanian Government.....	1,794,180.48
Serbian Government.....	720,600.16
Italian Government.....	37,000.74
Total.....	280,949,650.19

The Republic of Finland recently funded an indebtedness due and owing our Government of approximately \$9,000,000, upon the same terms and conditions as the British loan was funded, dividing it into 62 annual payments, the entire amount bearing interest at the rate of 3 per cent, payable semiannually, for the first 10 years, and 3½ per cent per annum thereafter.

Our World War Foreign Debt Commission, created by the act of Congress of February 9, 1922, as amended by the act of February 28, 1923, has made diligent effort to secure the funding of the obligations of the other foreign nations.

I favor the collection of every dollar of the entire foreign indebtedness, both principal and interest, and the remission of none of it. Congress should insist upon this commission urging the funding of this foreign indebtedness at the earliest possible moment, and to that end I favor a resolution expressing the impatience of Congress with the delays encountered by our commission, and if, after a reasonable time, say, June 30, 1925, the indebtedness is not funded, I would favor severing diplomatic relations with any foreign country declining, failing, or refusing to pay either the interest and principal due to our Government or funding the same in an acceptable manner. There can be no excuse given why this indebtedness should not be funded at an early date. The armistice was signed more than five years ago and the people of the United States are justified in expecting the representatives of our Government to see to it that the indebtedness due from foreign governments is funded and the interest and amortized payments be met so that our Government may, with certainty, anticipate the amounts to be paid, and the dates when they are to be paid, and to that extent our people may be relieved of taxes. I do not believe that such a resolution by Congress would embarrass our commission, or any other representative of our Government, but would strengthen them in urging an early funding of this foreign indebtedness.

Mr. ROBSION of Kentucky. Mr. Speaker, the proposal of President Coolidge to reduce Federal taxes touched a responsive chord. Everybody wants the tax burden lifted as much as possible. The Democrats are resorting to every sort of trick and device in their efforts to convince the American people that they will be responsible for the tax reduction. They want to claim the credit. They will not be able to fool the people. There could be no tax reduction at this time but for the wise and economical conduct of the Nation's business by the Republican administration for the last three years.

NATION'S DEBT, \$27,000,000,000.

When the Democrats went into power in 1913 the Nation's debt was about \$1,000,000,000. Before they went out of power, through waste and extravagance and the World War they had increased the Nation's debt to nearly \$27,000,000,000. It was increased 27 times. Since the Republicans got into control of Congress and the executive branch of the Government, this debt has been steadily decreased. It is now less than \$22,000,

000,000. Federal taxes reached their highest point in all of our history under the Wilson administration. The war closed November 11, 1918, yet these heavy war-time taxes were still in full force when President Harding took office March 4, 1921.

DEMOCRATIC WASTE AND EXTRAVAGANCE.

Much of the increase of our national debt and Federal taxes was due to the wanton waste and reckless extravagance of the last administration. The Wilson administration spent in the fiscal year ended June 30, 1919, over \$18,544,879,955, and only four and one-half months of that period was war. They spent in one year nearly five times as much as it cost the Union in four years of Civil War. They spent for the fiscal year ended June 30, 1920, about \$7,000,000,000, nearly twice as much as the cost of four years of Civil War. This sum would pay the soldiers' bonus in cash five times. We can readily see why the heavy war taxes were kept in force until the Democrats went out of office.

THE REPUBLICANS REDUCED TAXES.

When President Harding assumed office March 4, 1921, he found all of the high war taxes still in effect. In cooperation with a Republican Congress he inaugurated a policy of the strictest economy. The Budget bill was promptly passed by Congress and signed by the President. This law placed the affairs of our Government upon a business basis and has saved hundreds of millions of dollars annually. The Army was greatly reduced and placed on a peace-time basis, thereby saving other millions of dollars. President Harding called the naval disarmament conference of the leading naval powers of the world and proposed that the competition in naval armaments cease, that no new battleships be built for 10 years, and that many of the battleships now in use be scrapped. The naval powers of the world adopted the President's suggestions, and in this way saved hundreds of millions of dollars to the American taxpayers; thousands of useless offices were abolished and thousands of useless job holders were let out. Because of these economies and wise administration of the Nation's affairs, the Harding administration spent \$2,000,000,000 less the first year than had been spent by the Democrats the last year that they were in power. The Republican Congress in 1921 passed a tax-reduction bill which was promptly signed by President Harding. This reduced the tax burden of the American people nearly \$1,000,000,000 annually.

REPUBLICAN SURPLUS VERSUS DEMOCRATIC DEFICIT.

Until the very day President Wilson retired from office, we had the highest Federal taxes in the history of this country, and our debt and deficit constantly increasing. Since the Republicans came into power, the national debt, which was nearly \$27,000,000,000 is now less than \$22,000,000,000. We have greatly reduced the Federal taxes. So effective has been the economy practiced by the Republican administration, we find a surplus in the Treasury of over \$300,000,000, and we find that this sum or more will be saved annually to the people. It was this magnificent surplus in the Treasury that led President Coolidge recently to urge Congress to further reduce taxes. We have before us the amazing spectacle of two tax reductions in less than three years, and the national debt reduced billions of dollars. When the Democrats found that there was a surplus, they came forward with much noise and bluster and insisted that they tell the Congress how the taxes should be reduced. The country still remembers that they had eight years of control of this Government, but there was no surplus at any time, and was none when they went out of power. They had increased the taxes to the highest point in all our history. They had increased the Nation's debt from \$1,000,000,000 to \$27,000,000,000. The Democrats have proved themselves to be experts in tax increases and debt increases and without experience in tax reductions and debt reductions. It was the wise leadership of the Republicans that made a tax reduction possible in 1921, and that makes another tax reduction possible in 1924. The country certainly can trust the Republicans to grant all the reductions possible under the circumstances and to pass a law that is fair and just to all the people.

MELLON, GARNER, AND LONGWORTH PLANS.

There are three plans before the House. The so-called Mellon plan was submitted by Secretary Mellon. The Garner plan is backed by the Democrats. The Longworth plan was submitted as a compromise by the Republican floor leader LONGWORTH. There is no doubt but what Secretary Mellon is one of the very great financial experts of the country, and one of the very greatest Secretaries of the Treasury. Much of the Mellon plan has been agreed to by both Democrats and Republicans. The difference of opinion arises on the income taxes, inheritance taxes, and gift taxes. A majority of the House does not agree with Secretary Mellon on these propositions.

FAVORS THE RICH.

The objection to that part of the Mellon plan dealing with the income taxes, inheritance taxes, and gift taxes was that in the opinion of many it favored too much the people of very great wealth with very large incomes. It proposes to reduce the income taxes of Rockefeller, Ford, Morgan, and others of like wealth 50 per cent, or one-half of what they pay under the present law, while it reduces the taxes of persons of small incomes about 30 per cent. The Mellon plan, after the deduction of exemption, fixes the rate of normal tax at 3 per cent on incomes up to \$4,000, and fixes the rate at 6 per cent on normal taxes on all incomes above \$4,000. The Longworth plan after deduction of exemptions fixes the normal tax rate at 2 per cent on incomes up to \$4,000 and 5 per cent on incomes between \$4,000 and \$8,000 and 6 per cent on all incomes above \$8,000. The tax on incomes up to \$4,000 is, under the Longworth plan, only two-thirds of what it is under the Mellon plan. The normal tax on incomes between \$4,000 and \$8,000 under the Longworth plan is only five-sixths of what it would be under the Mellon plan.

There is little difference between the rates fixed in the Garner plan and in the Longworth plan for the normal tax on moderate incomes. The Longworth plan is a great saving to the man of moderate income over the Mellon plan. To show what a substantial reduction is given to people of moderate incomes between the Longworth plan and the present law, I submit the following: The tax on incomes of \$4,000 and less is reduced 62 per cent; on \$5,000, 59 per cent; on \$6,000, 55 per cent; on \$7,000, 53 per cent; on \$8,000, 52 per cent; on \$9,000, 40 per cent, and above \$9,000, 25 per cent. I am referring to the normal taxes. Under the Longworth plan the income taxes of at least nine-tenths of the income-tax payers of Kentucky will be reduced one-half of what they are under the present law. The Mellon plan proposes a great reduction in the surtaxes. A surtax is imposed in addition to the normal tax. Under the present law the surtax goes as high as 50 per cent. This applies to persons of very large incomes. Mr. Mellon proposes to cut the surtax on big incomes to 25 per cent, the Garner plan to 44 per cent, and the Longworth plan to 37½ per cent. Under the Longworth plan the surtax begins with the incomes of \$10,001 at 1½ per cent, and continues upward to 37½ per cent on incomes of \$200,000 and over. That is to say, a person whose income is over \$10,000 and does not exceed \$12,000 will pay a normal tax of 6 per cent and surtax of 1½ per cent. A person whose income is \$25,000 will pay the normal tax of 6 per cent and a surtax of 8 per cent. Persons whose incomes are \$200,000 or more will pay a normal tax of 6 per cent and a surtax of 37½ per cent.

The Government must always have sufficient revenue to operate the Government. The Longworth plan will produce sufficient revenue for this purpose, but it is shown that the Garner plan would create a deficit in the Treasury of more than \$300,000,000 annually. The Longworth plan will give a much greater tax reduction to something like 4,000,000 income-tax payers than the Mellon plan would give to them.

While the Longworth plan would give less reduction to about 10,000 of the very large income-tax payers than the Mellon plan would give to them. We think that the Longworth plan is eminently fair, both to the small taxpayer and to the large taxpayer. It seems that the Republicans can get together on the Longworth plan, but not on the Mellon plan. I favor the Longworth plan.

INHERITANCE TAX.

A matter about which there is a sharp difference of opinion is the so-called estate tax or inheritance tax. The Mellon plan fixes a rate of 1 per cent of the net estate not in excess of \$50,000 and range upward to 25 per cent on the net estate that exceed \$10,000,000. We have a great war debt and it will soon cost this Government \$1,000,000,000 annually to take care of the soldiers and sailors and their dependents. Many of the very large fortunes were created by the World War. This war debt must be paid and these defenders must be taken care of. We feel that instead of turning over all of these great estates to the heirs a proper share should be returned to the Government to meet our war debt and to take care of our defenders. Instead of a maximum rate of 25 per cent, I favor—and a majority of the House, I am sure, favors—the amendment offered by Mr. RAMSEYER. This amendment fixes the maximum of rate on these great estates at 40 per cent. If any man should leave a net estate of \$100,000,000, under this amendment \$40,000,000 would go to the Government as taxes.

It is a notorious fact that many of the people of great wealth of this country are dodging their just proportion of the tax burden. It is anticipated that if this tax should become a law, that many persons of great wealth would give away a large

part of their estates in their lifetime, and in that way their estates would avoid the payment of this inheritance tax.

To avoid this, Chairman GREEN, of the Ways and Means Committee, has offered an amendment to tax all gifts of \$50,000 or more to relatives at the same rate fixed for inheritance taxes, so that people of great wealth, if they should give away their estate, will be required to contribute a substantial sum to the Government. It is said that the inheritance tax will provide sufficient money to take care of the soldiers' bonus. It is unnecessary to say that the persons of great wealth have vigorously fought the high surtaxes, the inheritance tax, and the gift tax.

TWENTY-FIVE PER CENT REDUCTION NOW.

There is now more than \$300,000,000 surplus in the Treasury. The taxes for 1923 will soon be due and payable. This bill amends the Mellon plan by granting a 25 per cent refund on the taxes payable this year. Most taxpayers will have paid at least a part of their Federal taxes before this bill can become a law. In such event this 25 per cent refund will be allowed on the subsequent payment or on the balance due this year. This measure, likewise, repeals many of the so-called nuisance taxes and excise taxes. This will become effective 30 days on and after the passage of this bill. This measure gives substantial relief to all classes of taxpayers in the Nation and gives most relief to those least able to pay, and gives the least relief to those most able to carry the burden.

Mr. CLANCY. Mr. Speaker, I wish to make more clear my recent remarks that the automobile industry and its customers have been and are the prey of predatory interests working through Government agencies. The main purpose in doing this is to further my campaign, conducted through the past few months with great intensity, to educate the motorist as to the impositions placed upon him and to arouse still further automobile organizations and friendly associations to oppose such gouging.

For many years men who know what they want and who wish to increase still further their enormous wealth, who get more and more selfish, avaricious, and unscrupulous as they get richer, have been sticking their fingers, their agents, and their agencies, into Government to plunder unsuspecting American citizens.

These men have strangle holds upon the basic necessities of life, such as oil, metals, cotton and wool, foods, transportation, etc.

One of the passing strange facts of big business is that a comparatively new industry, one of the grandest contributions to the happiness and the betterment of mankind and now one of the prime necessities of life, has never tried to manipulate Government to its own selfish aggrandizement. Stranger still, it has not intelligently and effectively tried to protect itself from aggressive combinations which "picked" on it and aimed to rob it blind.

That crooked big business has been manipulating government on a gigantic scale to the detriment of the common good is now patent to the American people. The slimy trail of oil, as revealed in the United States Senate investigations in the most stupendous scandals of American history, has opened the minds of the people to a condition which has been chronic for some time.

ASSASSINS GIVE PROTECTION.

A friend of President Garfield told me recently that Garfield had determined to make a thoroughgoing exposé of crooked business using Government to defraud the people. His experience in Ohio and in Washington had given him the facts. But an assassins' bullet, the furious rage of a disappointed office seeker, struck him down in the Pennsylvania Railroad depot in Washington before he could open the eyes of the people.

It is generally known that President McKinley, himself the framer of a tariff law when in Congress, had intended to attack predatory wealth using Government when he, too, was struck down by an assassin's bullet in Buffalo, where he had gone to make a keynote speech on the relations of business and government.

But before Presidents Roosevelt and Wilson were stricken with ruptured blood vessels in the brains, which could not withstand the terrific strain of their labors for the people, labors mainly directed against crooked big business and crooked national and international interests, they carried their message to the people and put crooked big business on the defensive. But the "malefactors of great wealth" came back strong in the present administration.

Senator DAVID I. WALSH, of Massachusetts, said not many days ago in the Senate that the important thing about the Teapot Dome scandal is the revelation "in successful operation"

of that heretofore intangible thing called by Theodore Roosevelt "invisible government" and by Woodrow Wilson the "invisible empire."

He describes in the Senate, in more incisive and luminous language than I could, this "thing," and I quote from him:

That it existed intelligent and progressive people have long affirmed; that it succeeds in shaping legislation, in directing political policies, and in securing appointments from administrative officials has been freely asserted.

Those who heretofore were reluctant to believe can no longer challenge or deny its existence.

Invisible government, the curse of American politics for nearly half a century, has baffled the progress of our free institutions; it has repeatedly nullified the solemn verdict of the people recorded at the ballot box. Surreptitiously it purchases the talents of men of influence in all political parties to espouse and promote its greedy and selfish ends. It supports corrupt, not party, politics.

If it can not control, it purchases or seeks to destroy the press that dares to oppose it. It invades even the pulpit.

It knows neither Democrat nor Republican. It writes into political platforms meaningless phrases to cajole the voters.

It knows only one party—the party in power. Its objective is to win the approval and sanction of those in authority. It discards its victims when they are out of power with Neronian mercilessness.

The backers of this paralyzing influence in government, disclosed in the present scandal, have been bolder and more brazen since wealth formed itself into great organizations of unchecked greed and selfishness to control and exploit the natural resources of the Nation and gouge the unorganized masses of this country.

These concession and privilege seekers yield to the popular government only when they must to stem defeat. They have successfully opposed humane and progressive legislation for years and have granted the people their rights only when the people have overthrown them.

Mr. President, the present situation demands patriotic, nonpartisan action. These disclosures are in vain if they do not stir us to a realization of the absolute necessity, if we are to preserve democratic institutions and maintain the confidence of the people in the Republic, to rid our political parties and this Government of these sinister influences.

How strange that the automotive industry, regarded by many as most typical in its origin and development of American genius in business, should not have properly protected itself against the "invisible government"!

The industry which taught the world high speed, high wages, quantity production, and revolutionized not only business but the everyday life of nearly every human being in the United States at least is caught napping by other businesses at the oldest game in the world, the use of government to despoil.

If by my campaign of the past few months, a gruelling contest which brought many bruises and some scars, I could awaken the automobile world of America to get out and be men and defend themselves, to use their strength and their brains, not for spoliation but for loyal defense of their customers, I would not deem my efforts to be in vain.

These customers who have helped to build up the most stupendous fortunes the world has ever known deserve that protection. That their cause is just was recognized by the House when it voted unanimously, at a time when the Budget was in danger, to strike \$24,000,000 in taxes off the motorists of the country. But that was only after Ways and Means had given the motorists the marble heart and the appeal had been carried to the country with tens of thousands of telegrams and letters and bulletins.

That was only after "pitiless publicity" had been remorselessly administered, only after the spigot had been turned on and the bung yanked out. It certainly was glorious to see some of my colleagues run to cover and scores of them rush for the auto bandwagon and make a flying leap for the upper deck.

On Tuesday, February 26, that red-letter day for the 15,000,000 motorists of the country, when the fever for auto-tax reduction, precipitated the wildest mêlée seen on the floor of the House in many a day and when fist fights were threatened, I left the floor as the session broke up in disorder to meet representatives of automotive organizations in the corridor.

TURNING ON THE PUBLICITY.

They were white faced and alarmed.

"Has our cause been hurt?" they asked me.

"Not at all; you are just getting to the country with a vengeance," I replied. "That fracas will break on the front page of every live newspaper in the country. The press associations always carry a fist fight on the House floor near or 100 per cent. You could not get your cause on the front pages

of newspapers for a million dollars. Now you get position for nothing and the motorist will be awakened to the fact that a battle is being waged for him. You spent hundreds of dollars for telegrams to your people. Here is a gift of million-dollar publicity gratis."

That was true. The most alert and brainiest newspaper in the country, so far as news gathering is concerned, carried the story for three and a half columns and flew the pennant on the front page. That was the New York Times. Thousands of other papers carried the story. Then followed the aftermath of editorials.

Yet I have been accused of endangering the automobile cause by starting that row on the floor of the House. I do aver and affirm that I was not wholly responsible for that fracas, and I fed the raw meat with no conscious intention of starting a mêlée whose outcome would be problematical.

To illustrate the point that the automotive industry must protect itself against bold and unscrupulous aggressors, I now cite the fight of the American Automobile Association two years ago in Congress against oil. This, of course, was before the methods of oil were known to the country and before Teapot Dome was on every lip.

The Dome revelations show that predatory oil was working particularly hard two years ago—all the various combinations of oil were working—working on the public and on one another, for oil, like little fishes and big fishes of the deep, is predacious and cannibalistic.

Oil was going so powerful in Ways and Means that it smashed down the automobile organizations. Flushed with victory and going strong, it came onto the floor of the House, eager to administer the knock-out to a groggy foe and collect the purse—winner take all.

It took the President of the United States, Mr. Harding, to turn the tide of battle. It took a violent blow at the constitutional independence of the legislative and executive functions of the Federal Government to stop oil. But President Harding did not hesitate to write a strong letter, in which he said that he "should be more than disappointed if Congress decided to levy a tariff on imported oil."

He put his interference on patriotic grounds "and the foreign policy to which we are already committed."

In view of Teapot Dome revelations as to how far oil had gotten into the President's Cabinet, his attitude in the crisis of two years is pertinent and important.

In this crisis the old guard of Ways and Means wanted to levy a tariff of 35 cents a barrel on oil and even threatened \$1.50 per barrel. This meant a tax of about \$140,000,000 on the motorists of the country. It probably meant raising the price of gasoline alone from 3 to 7 cents per gallon.

I sincerely hope one of the fights of the near future of the automotive organizations will be against the present high prices of oil and gasoline. That is a duty. It should be a pleasure.

Oil is persistent. Beaten in the House, through an appeal to the country and the bludgeon of the President of the United States, it took the fight nevertheless to the Senate Finance Committee and to the floor of the Senate. Oil knows not how to surrender and always comes back strong. Fortunately it was beaten both in Senate committee and on Senate floor. But it is still gouging the automotive industry.

This contest of two years ago is so illuminating that I give more of the facts as set forth in the statements of the American Automobile Association, and I give a fuller excerpt of President Harding's letter of July 13, 1921, to Chairman Fordney on proposed tariff on crude and fuel oil.

The battle is also waged against the proposed asphalt tariff as a hindrance to the good-roads movement which the automotive interests have built up and fostered.

The following appeal was sent to the country by the American Automobile Association on July 9, 1921, through the club secretaries:

The Committee on Ways and Means of the House of Representatives recently included in the tariff bill reported to the House a schedule on crude oil amounting to 35 cents per barrel. This amounts to about 100 per cent ad valorem in addition to the export duty of 113 per cent now imposed by the Mexican Government, the chief source of petroleum imported into this country.

Our consumption of petroleum products exceeds our domestic production by about 66,000,000 barrels annually. Our imports of petroleum are valued at about \$90,000,000 annually, yet our exports of refined petroleum products amount to about \$549,000,000 annually.

If this tariff prevails, it will enable and encourage foreign countries to monopolize foreign supplies of petroleum. At present we are supplying the world with two-thirds of its petroleum products notwithstanding the fact that we have only one-sixth of the world's resources.

Petroleum is one of our greatest natural resources. It is both definitely limited and rapidly diminishing. A tariff on oil therefore places a premium on the rapid depletion of this great natural resource.

The American people are the largest users of petroleum in the world. It is estimated that 83 per cent of the motor vehicles of the entire earth are found in the United States. Yet less than 17 per cent of the world's resources of petroleum is situated within the United States.

Sixty per cent of all the asphaltic materials used in the United States for road building and roofing purposes are imported from Mexico. If this tariff on petroleum finally prevails, it would therefore seriously interfere with the present road-building program of the country.

In view of these facts the American Automobile Association, in annual convention assembled in Washington, May 16 and 17, passed a resolution of protest against any provisions being included in the tariff measure on petroleum. The executive committee of the A. A. A. on Wednesday, July 6, voted in opposition to the 35-cent tariff on crude oil, and authorized notices to be sent to club secretaries urging them to ask their Representatives in Congress to oppose this tariff.

A vote will be taken on this schedule about the 21st of this month. You and the members of your club are therefore urgently requested to communicate by letter or by wire, if necessary, with your Representatives in the House protesting against this schedule.

We will keep you in touch with what happens in the House and later on it may be desirable to communicate with your Senators on this subject when the tariff bill reaches the Senate. Please supply us with copies of any replies you may receive from Members of Congress on this subject.

AMERICAN AUTOMOBILE ASSOCIATION.

Then follows the excerpt from the letter of President Harding to Chairman Fordney, of Ways and Means:

I can not refrain from expressing the hope that your committee will take note of the foreign policy to which we are already committed, under which the Government is doing every consistent thing to encourage the participation of American citizens in the development of oil resources in many foreign lands.

This course has been inspired by the growing concern of our country over the supply of crude oil to which we may turn for our future needs, not alone for our domestic commerce but in meeting the needs of our Navy and our merchant marine.

To levy a protective tariff on crude petroleum now would be at variance with all that has been done to safeguard our future interests. I can readily recognize the claim of some oil producers for a protective tariff on their product, but such a course of temporary relief would be so thoroughly out of harmony with the larger policy which I have had in mind that I should be more than disappointed if Congress decided to levy a tariff on imported oil.

The oil industry is so important to our country, and our future is so utterly dependent upon an abundance of resources rather than temporary profit to a few producers who feel the pinch of Mexican competition. I thank you very sincerely for your considerate attitude in the matter. (Printed in CONGRESSIONAL RECORD, July 13, 1921.)

The contest is carried to the Senate and the A. A. A. sent the following letter to all Senators. I give it because it presents some new facts and appeals:

MY DEAR SENATOR: In protesting against the tariff on petroleum we represent the interests and the wishes of more than 10,000,000 owners of automobiles. We likewise represent the interests of the half million owners of tractors, and the interests of 2,500,000 owners of stationary engines are also involved, as well as those of 46,000,000 consumers of artificial gas. The American merchant marine's desperate struggle for existence would be rendered hopeless by the imposition of this duty. Such a duty would scuttle our ships. It would devour the proposed subsidy. "Don't give up the ship."

Last, but not least, we would protest on behalf of those who are promoting and providing for the construction and maintenance of improved highways. Hundreds of millions of dollars are annually expended by community, county, State, and Nation on our system of public highways. The tariff on oil would increase the cost. It would be a tariff on travel and transportation.

In protesting the duty on oil we stand on the traditional policy of our Government. No Congress, no party has ever imposed a tariff on petroleum.

In protesting this duty we stand on the announced policy of the national administration. When this duty was under discussion in the House, the President addressed a letter to Chairman Fordney, in which he expressed the hope that a tariff would not be imposed on oil, and declared that "to levy a protective tariff on crude petroleum now would be at variance with all that has been done to safeguard our future interests." In accord with this enlightened policy, the House defeated the proposed tariff by a vote of 2 to 1. This vote was taken July 21, last year. Since that date the price of oil in the United States has increased 100 per cent. At times it has been

considerably more than 100 per cent. Since that vote the price of the leading oil stocks has increased from 50 to 100 per cent. Certain stocks at certain times have shown an advance of 150 per cent. These prices have increased notwithstanding an enormous increase in domestic production.

The Senate Finance Committee, pursuing this enlightened policy, defeated the proposed duty on petroleum by a vote that was almost unanimous. It would seem to be doubly undesirable to depart from this policy at the present juncture. The coal situation would seem to be critical enough without laying a tariff on the only other available fuel.

It is earnestly to be hoped that the Senate, following the example of the Finance Committee, the House of Representatives, and the President, will oppose the imposition of a tariff on crude and fuel oils. It is earnestly to be hoped that the Senate will not disregard the wishes and sacrifice the interests of so many millions of American citizens when that sacrifice is entirely unnecessary, as evidenced by the enhanced price of oil stocks and the enhanced price of oil itself. Indeed, the oil producers of California adopted resolutions protesting against the oil tariff, and a referendum vote among the producers of the mid-continent field stood 90 for the tariff and 47 against the tariff.

It would be passing strange if the Senate of the United States should vote to increase the price of petroleum and its products while a committee of the Senate is investigating the prevailing high prices of petroleum and its product.

Most respectfully submitted.

DAI H. LEWIS,
Acting Executive Chairman.

Mr. LOZIER. Mr. Speaker, I desire to register my opposition to Title IX of the pending revenue bill, which seeks to create a board of tax appeals of not less than 7 nor more than 28 men, fixing their term of office at 10 years and carrying a salary to each of \$10,000 per year. I favor striking this provision from the bill entirely, and if the House refuses to do this, I favor an amendment reducing the salary of the members of this board to not exceeding \$7,500 per annum. I also favor an amendment providing that the appointment of the members of this board of tax appeals be submitted to and approved by the Senate like all other presidential appointments. Under our scheme of government, nominations for Cabinet positions, Federal judges, postmasters, appointments to the Diplomatic Service, and the principal appointments in practically every branch of our Government must be submitted by the President to and approved by the Senate. I can see no good reason why the appointment of the members of this board of tax appeals should not be submitted to and approved by the Senate as other appointments. Certainly the people of this Nation are interested in who shall serve on this board.

I am confident that the Senate will not act arbitrarily or refuse to confirm an appointment unless it appears from an investigation that the appointee is incapable or unworthy. This board of tax appeals, if created, will pass in review on questions involving hundreds of millions of dollars annually, and the appointments should not be left exclusively to the judgment of the President or Secretary of the Treasury.

We are now passing through a period of economic distress in the United States. In many occupations the earnings are too meager to insure even a moderate profit. This is particularly true among the small tradesmen and those engaged in moderate business activities. Among the agricultural classes there is a nation-wide distress, the inevitable result of the inability of the farmer to sell his commodities at a price that will yield even the cost of production. The national debt is a tremendous burden, amounting now to approximately \$22,000,000,000, while the indebtedness of the 48 States and political subdivisions thereof is in excess of \$10,000,000,000, making the total public debt over \$32,000,000,000. To meet the interest on this debt a tremendous tax burden is inevitable.

The last 30 years have witnessed a tremendous increase in the expenses of government, State and municipal. The Federal Government and the 48 State governments have been in a mad race to see which could create the largest number of new offices, bureaus, and commissions. Each year the number of State and Federal officeholders is enlarged and the salaries increased, until the tax burdens have become almost unbearable.

Prior to the war the combined cost of all our State and Federal Governments was only about \$2,000,000,000 annually. Now it amounts to about \$7,000,000,000 per annum, or about three and one-half times the pre-war cost of government. This phenomenal increase can be met in but one way, and that is by taxation. I plead for more economy in the management of our public affairs.

It seems to me that the time has come for our Federal Government to inaugurate a policy of retrenchment, reform, and economy in public affairs. The Government, State and National, have no money except what they collect in the form of

taxes from the people. If the Government makes extravagant appropriations, pays excessive salaries, and maintains an army of unnecessary employees, then there will be an ever-increasing burden of taxation. It is time to stop, look, and listen before we create this new bureau, which will rapidly expand into a great army of clerks, auditors, inspectors, stenographers, and miscellaneous employees, meaning a tremendous additional tax burden on the American people.

We can never reduce the cost of government if we continue to create new offices and endow these offices with princely salaries.

There is, in my opinion, no worth-while demand for the creation of this board. The work these 28 men will do is now being done by employees in the Treasury Department whose salaries are around \$5,000 per annum, none in excess of \$7,500. If this provision stays in the bill these 28 offices will probably be filled by the men now performing this same work in the Treasury Department at salaries ranging from \$5,000 to \$7,500 per annum. In other words, the Government will get the same service it is getting now, but will pay each member of the board \$10,000 annually instead of the much smaller salaries now being paid for the same service. The members of this board will hold office for a term of 10 years, during which each will draw a salary of \$10,000 per annum, aggregating \$100,000 for the 10-year term for each member. This means that the salaries of these 28 men will be \$280,000 annually. In addition they are allowed by this bill \$10 per day for expenses when their duties call them from their designated stations.

If this board is created, in a very few years it will have surrounded itself with an army of several thousand employees and subordinates. If Congress is determined to create this board of appeals, then the salaries of the members should be reduced to not exceeding \$7,500 per annum. This reduction would mean a saving of \$70,000 annually, or \$700,000 in 10 years. I believe this can be done without impairing the efficiency of the board.

There is but one way to reduce tax burdens, and that way is to begin now to reduce the expenses of the Government and rigidly follow this rule in all matters relating to public expenditures except in the few cases where efficiency in the public service justifies and demands an increase. We accomplish nothing and get nowhere if while we talk economy we continue to create new offices and increase salaries of men who sit in swivel chairs in Washington and allot themselves more than their just proportion of the funds appropriated to carry on our Government. Capable men are not so scarce that we have to pay a salary of \$10,000 per year to get efficient men to perform this service.

Let us begin to economize here and now and not put off until to-morrow what should be done to-day. If we once fix these salaries at \$10,000 per annum, it is not probable that they will ever be reduced. So I favor reducing them now.

Mr. ROGERS of New Hampshire. Mr. Speaker, my attention was recently called to an unjust discrimination in the assessment of a tax on college fraternities by virtue of section 801 of the revenue act of 1921. This section is incorporated in section 501 of the revenue act of 1924 and reads as follows:

SEC. 501. On and after the date this title takes effect there shall be levied, assessed, collected, and paid, in lieu of the taxes imposed by section 801 of the revenue act of 1921, a tax equivalent to 10 per cent of any amount paid on or after such date, for any period after such date, (a) as dues or membership fees (where the dues or fees of an active resident annual member are in excess of \$10 per year) to any social, athletic, or sporting club or organization; or (b) as initiation fees to such a club or organization, if such fees amount to more than \$10, or if the dues or membership fees (not including initiation fees) of an active resident annual member are in excess of \$10 per year, such taxes to be paid by the person paying such dues or fees: *Provided*, That there shall be exempted from the provisions of this section all amounts paid as dues or fees to a fraternal society, order, or association operating under the lodge system. In the case of life memberships, a life member shall pay annually, at the time for the payment of dues by active resident annual members, a tax equivalent to the tax upon the amount paid by such a member, but shall pay no tax upon the amount paid for life membership.

By virtue of the section just quoted a tax of 10 per cent on dues and initiation fees is assessed against members of any "social, athletic, or sporting club or organization." Under the proviso to this same section, however, the dues and fees paid to any fraternal society, orders, or associations are exempt from taxation when such societies are operating under the lodge system. By virtue of this proviso no taxes are assessed against such organizations as the Masons, Odd Fellows, Knights of Columbus, and so forth. While these organi-

zations are exempt from taxation, no specific provision is found in the law exempting college fraternities from taxation under this section.

The Treasury Department, through the Commissioner of Internal Revenue, has ruled that a society or fraternity is "operating under the lodge system" when it is "carrying on its activities under a form of organization that comprises local branches chartered by a parent organization and largely self-governing, called lodges, chapters, or the like." In accordance with this ruling of the department, it is held that national fraternities with chapters in the different colleges having a parent organization from which these various chapters derive their charters are exempt from the taxes imposed under section 801. On the other hand, the Treasury Department has ruled that any fraternity existing only in a local college as an independent organization not deriving its charter from a parent organization does not fall within the exemption because such local society does not operate "under the lodge system" within the regulations above referred to.

The injustice of the existing situation is at once apparent. In nearly all American colleges the so-called national and local fraternities exist side by side, having the same quality of membership, organized for exactly the same purposes, and carrying on their work by the same methods. In short, they are similar in every respect, with the single exception that for some reason or other, because of age, prestige, or local conditions, the local chapters have never seen fit to become affiliated with national organizations. Under such circumstances it is obvious that to tax the locals and exempt the nationals is both unjust and inequitable. Moreover, it is well known that members of fraternal organizations, such as the Masons, are usually in a position to work and earn money with which to pay their dues and the taxes thereon. This is not true of members of college fraternities, who, if they are able to work at all, usually find it necessary to use all the money they can earn in order to pay their way through college.

In order to remedy the obvious injustice existing under the present law I offered an amendment to section 501 of the revenue act of 1924 exempting college fraternities from the payment of taxes assessed under this section. With this amendment added, the first sentence of the proviso will read as follows:

Provided, That there shall be exempted from the provisions of this section all amounts paid as dues or fees to a fraternal society, order, or association operating under the lodge system or to any local fraternal organization among the students of a college or university.

The House having adopted the amendment, if agreed to by the Senate it will do away with the present unjust discrimination against certain college fraternities and place them all in the same class with other fraternal organizations already exempt from taxation under the law.

I now desire to discuss the general income-tax provisions of the 1924 revenue act. Both on the floor of this House and in the public press there has been much comment relative to the comparative merits of the so-called Mellon and Garner plans for a general reduction of taxes. I desire at this time to discuss the situation briefly and to point out my reasons for supporting the Garner plan. Since the first session of Congress became organized I have given much time and thought to the proposed legislation for a reduction of taxes. I have made a careful study of the Mellon plan printed in a pamphlet containing 344 pages. I have also considered thoroughly the plan voiced by the minority of the Ways and Means Committee, known as the Garner plan, in order to determine which method would best promote a fair and equitable revision of taxes, at the same time accomplishing those substantial reductions in rates all along the line to which the country is justly entitled.

In his first message to Congress President Coolidge correctly and truly said:

The taxes of the Nation must be reduced now as much as prudence will permit, and expenditures must be reduced accordingly. They bear most heavily upon the poor. They diminish industry and commerce. They make agriculture unprofitable. They increase the rates on transportation. They are a charge on every necessary of life.

With these most significant words of the President in mind, let us examine the proposed Mellon plan and compare it with the so-called Garner plan to determine which method should be adopted by Congress in an effort to reduce taxation on a reasonable, just, and equitable basis.

Mr. GARNER's plan proposes to fix normal income-tax exemptions at \$2,000 for single persons, instead of \$1,000, as proposed by Mr. Mellon, and \$3,000 for married persons or heads of families, instead of the present \$2,500, as Mr. Mellon proposes. The Garner plan would also fix the normal income tax at 2

per cent on amounts of \$5,000 and less, instead of 3 per cent on amounts less than \$4,000, as proposed by Mr. Mellon, and instead of 4 per cent under the present law. Mr. GARNER would further fix the rate at 4 per cent from \$5,000 to \$8,000, instead of 6 per cent, proposed by Mr. Mellon, on incomes above \$4,000 and instead of the 8 per cent under the present law.

The Garner plan will also fix the rate at 6 per cent on all incomes exceeding \$8,000, instead of 8 per cent as under the present law. It will cause the surtax to commence with 1 per cent on incomes from \$12,000 to \$14,000, instead of \$10,000 to \$12,000 as Mr. Mellon proposes, and instead of \$6,000 to \$8,000, as under the present law. These surtax rates will then gradually increase to 44 per cent on incomes exceeding \$92,000, instead of the 50 per cent under the present law and the 25 per cent on incomes exceeding \$100,000 proposed by Mr. Mellon.

From an analysis of the two proposed plans we are at once confronted with the amazing and significant fact that the Garner plan, to a much greater extent than the Mellon plan, affords immediate relief by a reduction in taxes to 6,641,262 income-tax payers throughout the country, while the Mellon plan would confer a greater reduction than Mr. GARNER's on only 9,433 income-tax payers. For instance, Mr. Mellon would exempt only \$1,000 from the income of a single man, while Mr. GARNER's plan doubles the amount of this exemption, making it \$2,000. On the other hand, Mr. Mellon, universally reputed to have one of the largest personal incomes in America, proposes to reduce the taxes of the man with a million-dollar income more than a quarter of a million dollars per year.

In the light of a fair comparison and with the President's own words in mind, which plan should we adopt as better designed to promote a fair and equitable basis for a reduction of taxes? "They bear most heavily upon the poor."

An even more striking illustration of the actual working out of the two plans is shown by a concrete application of each to the situation existing in my own State of New Hampshire. According to the latest available statistics of the Treasury Department, 32,410 persons in New Hampshire paid Federal taxes for the year 1921. Of this number, 32,386 will receive a greater reduction in their taxes under the Garner plan than under the Mellon plan, while only 24 taxpayers in my whole State would receive a larger reduction in taxes under the Mellon plan than under the Garner plan. Assuming that these taxpayers are equally distributed in each congressional district, it follows that in the first congressional district only 12 taxpayers would receive greater reductions under the Mellon plan than under the Garner plan, while 16,193 taxpayers of the first district would have their taxes more substantially reduced under the Garner plan.

I am indeed most heartily in favor of a reduction in taxes, such a reduction as will stimulate business and industry. At the same time, it is necessary to bear in mind that relief from the burden of taxes must be just and equitable; that taxes should always be borne by those best able to carry the burden; that "they are a charge on every necessary of life" and that always "they bear most heavily upon the poor."

A vast amount of propaganda has been disseminated throughout the Nation to induce Congress to adopt the Mellon plan without regard to its effect upon the great majority who pay Federal income taxes. When traced to its original source we find that most of such propaganda has come from those who hope to receive immediate benefit from the Mellon plan through the reduction of their surtaxes, rather than those who are honestly interested in an attempt to secure an equitable distribution of taxes among citizens of all classes.

It is our duty as Members of this great legislative body to disregard organized propaganda and to seek the truth in the light of the facts. And it is my sincere belief that a thorough study of all the facts will convince any reasonable man that the adoption of the Garner plan will afford more just and equitable taxes throughout the Nation. It will lower the taxes of the rich and poor alike. It will provide the necessary revenue to run the Government, and it will ultimately place the taxes of the Nation upon the shoulders of those best able to bear the burden.

I have listened with interest to the advocates of the Mellon plan. Their arguments, instead of sustaining their contentions, furnish further evidence that such a plan will afford great relief to a certain special class of taxpayers, namely, those whose incomes are so large that they pay high surtaxes, while scarcely any relief is given the taxpayer in moderate circumstances with a small income.

In conclusion let me say that, regardless of what others may do, I am convinced that it is my duty to support the Garner

plan, which, as I have said, will relieve the poor as well as the rich and which, let me repeat, in my own State of New Hampshire will give a greater degree of relief to 32,386 out of 32,410 taxpayers than would the Mellon plan.

Mr. SCHNEIDER. Mr. Speaker, although much has already been said on both sides of this important question, I feel that it behooves me also to voice my sentiments against any plan that ignores the fundamental basis of just taxation, namely, that the share of one's tax burden should be levied according to his ability to pay. In other words, taxes should bear heaviest upon those best able to pay.

This is a well-recognized and sound principle of taxation. Any plan that fails to take cognizance of this must and should meet defeat.

Very closely allied with this principle is the idea that a plan in order to be feasible must give us reasonable assurance that it will accomplish that which it is designed to do. I suppose that in proposing any kind of legislation there must be some urgent need for it, some present wrong to be remedied, or threatening evil to be averted.

That there is a great need for tax legislation I believe is the unanimous opinion of this body. But what is it that we are trying to remedy by this legislation? How will the Mellon plan, which I believe entirely ignores the principle that the share of one's tax burden should be levied according to his ability to pay, a principle that is the very essence of just taxation, remedy these evils? These are questions that we must constantly ask ourselves in considering the plan before us.

President Coolidge, in his address before Congress on December 6, in reviewing the economic situation of this country, had this to say:

Looked at as a whole, the Nation is in the enjoyment of remarkable prosperity. Industry and commerce are thriving. For the most part agriculture is successful, 11 staples having risen in value from about \$5,300,000,000 two years ago to about \$7,000,000,000 for the current year.

But range cattle are still low in price, and some sections of the wheat area, notably Minnesota, North Dakota, and on west, have many cases of actual distress. With his products not selling on a parity with the products of industry, every sound remedy that can be devised should be applied for the relief of the farmer.

The President has thus in his message frankly admitted this fact to exist at the present time, namely, a situation where, while industry and commerce are thriving, the farmers in the West are in distress. Yes; the President might well have included the average wage worker who, too, because of the still existing high cost of living and moderate wages finds himself in a no more prosperous situation than the farmer.

A very wholesome situation, is it not? A society where the masses are growing poorer, burdened with high cost of living and a staggering war debt thrust upon them while a privileged few, owning and controlling the industry and commerce, which in the words of our President are now thriving, are growing richer day by day. This appalling situation, partly admitted and, if you please, mostly omitted, by the President in his message; yet what does he and his devoted friends in Congress propose to do? Their answer is, "Pass the Mellon tax bill."

Gentlemen, in seeking to bring about a change in our tax laws it is fair, then, to assume that the sole purpose is to alleviate the burdens of those who are now hardest hit. I can see no other honest motive that would warrant the consideration of the tax question at this time. Will the Mellon tax bill meet this situation? Will it be of any appreciable aid to the farmers, wage workers, and general public?

I do not pretend to be an expert in taxation, nor will I burden you with any detailed analysis of this plan. My friend and colleague [Mr. FREAK] has already given you a careful explanation of the results of the Mellon plan. It is not very difficult, gentlemen, to see how this plan will only benefit those with large incomes at the expense of the many others.

The workings of this plan are very graphically and ably shown in an editorial by Mr. Werner N. Schomaker, editor of The Union Labor, published at Marinette, Wis., a very worthy and progressive organ that speaks for the people in my district. I am going to read this article in order that you may hear directly from my people:

It will be noted that the Literary Digest, in line with the big-interests press of the country, omits any reference to the big criticism of the Mellon measure—that it is a bill framed purely in the interest of the rich man. The press, almost as a unit, has conspired to keep from the people the great benefits that would accrue to the country's millionaires, including Mr. Mellon, in the passage of the bill.

Have the newspapers told the country that a man with an income of \$5,000,000 will save \$1,500,000 under the Mellon bill; that a man with an income of \$500,000 will save \$116,000? Here is a table showing the amounts which persons of varying incomes will save under the Mellon bill:

Income of \$5,000,000, a saving of \$1,500,000.

Incomes of \$1,000,000	\$251,784.00
Income of \$500,000	116,784.00
Income of \$250,000	49,284.00
Income of \$100,000	10,284.00
Income of \$50,000	1,944.00
Income of \$25,000	1,107.00
Income of \$20,000	747.00
Income of \$15,000	469.50
Income of \$10,000	222.00
Income of \$5,000	29.75
Income of \$4,000	12.75

These are the amounts they would save under the Mellon plan. Now let us analyze this further and see how the Mellon bill works to the advantage of the persons with the huge incomes:

A person with \$1,000,000 income saves under the Mellon plan \$251,784.

Fifty heads of families, each having an income of \$20,000, total \$1,000,000, save under the Mellon plan \$35,350.

One hundred heads of families, each having an income of \$10,000, total \$1,000,000, save under the Mellon plan \$22,200.

Two hundred heads of families, each having an income of \$5,000, total \$1,000,000, save under the Mellon plan \$5,950.

Four hundred heads of families, each having an income of \$2,500, total \$1,000,000, save under the Mellon plan nothing.

The propagandists of the Mellon tax plan continually refer to percentage of reduction taxpayers will receive. It is not a question of percentages, but a question of dollars and cents.

Evidently the Mellon plan needs as much bolstering as the League of Nations did under the Bok referendum.

This is practically the unanimous sentiment of the people whom I have the honor to represent, and that is the way they have the Mellon tax plan sized up.

Yet the advocates of this plan would hold this out as a panacea for the present ills. Their eyes are shut to the real situation or they refuse to see. They turn a deaf ear to the cries for help of the distressed agricultural classes of our country. They only speechify about helping the farmers. It is now three months that Congress has been in session, but nothing has been done and the farmers go on suffering. The Nation is tired of talks and more talks, speeches, and radio messages. The White House would do well to abandon this kind of tactics and get down to brass tacks and do something.

Here the Norris-Sinclair farm relief bill has been before Congress for three months, and little or nothing done about it. They are the best farm relief measures that have been introduced in Congress thus far. They have received the warm support of the oppressed farming class of the Nation. But any good measure that is a real relief of the situation must not pass. If you can not defeat it entirely, get it out of the way by a substitute. That is what will happen to real farm legislation. Substitutes are quite common nowadays. In fact, they are becoming so numerous that we occasionally discover their real identity. We thought we had a government of the people, by the people, and for the people. We know better now. Every man, woman, and child knows that it is only a substitute. It is a government of the two old reactionary political parties, by Falls and for Sinclairs and Doheneys.

You have heard the President's warning in his message to Congress of December 6. There must not be a wholesale assault upon the Public Treasury. Yet that is what he and Mr. Mellon and those of you advocating this bill propose to do. Of course that may be all right when we do not speak about helping the farmers or adjusted compensation for the ex-service men. I realize we can sing the song a different tune to suit the occasion.

The Mellon plan will take from the coffers of our Treasury millions of dollars and hand it over to the big fellow. This is no empty statement. In one instance alone, this bill lops off \$11,000,000 from the taxes that 21 gentlemen with incomes of \$1,000,000 or more who, under the present rates, would have to pay \$19,000,000 into the Public Treasury. A handsome little gift of \$11,000,000 neatly wrapped up in the Mellon bill to a privileged few. And do you think for a moment that the people of the United States will stand for that? Why should these gentlemen be relieved of paying \$11,000,000 which you propose by cutting the surtax rates on large incomes from 50 per cent which they now pay to 25 per cent.

You are much more concerned about the decrease in the million-dollar-a-year income class than to relieve the common masses who are now greatly in need. You cite with alarm, the

figures about the million-dollar-a-year or better class, which reveal the fact that in 1916 there were 206 who were making a little million or more a year, in 1917 only 141 had this privilege, by 1918 the number had fallen to 67, in 1919 there were 69, in 1920 there were 33, and now only 21 are receiving an income over \$1,000,000. Under the present tax the million-dollar-a-year fellow has to pay 55 per cent of his income or \$550,000. What a pity. He has only \$450,000 left on which to live.

These are the figures of those who have reported their large earnings, but they do not tell us about the many who are escaping their taxes by the use of tax-dodging devices, who, if they would honestly report their incomes, would swell the ranks of the million-dollar-a-year class. Even so, I say, there are 21 too many of these enjoying a million-dollar-a-year income. But, gentlemen, the \$11,000,000 is not the only loot from the Public Treasury that will be the result of the passage of the Mellon plan. Why, it is pregnant with bad features that will result only in the enrichment of those with large incomes.

One other condemning feature in the plan is the 25 per cent flat rebate on taxes for the fiscal year of 1923. This will mean a loss to the Treasury of about \$232,750,000, as is given out by the committee's report. I wonder how much of that will be the workingman's or farmer's share, who do not earn enough even to pay an income tax. Do you realize that while 4,300,000 persons are paying income taxes, 19,000,000 families in this country live on less than \$2,000 a year? Of the 4,300,000 persons that are paying some income tax, 83 per cent receive incomes of less than \$5,000 a year. Draw your own conclusions, if you will, who here again gets away with the biggest slice of this rebate.

It is interesting to note that it is these same interests who are now being so well taken care of by the Mellon plan that just two years ago raised the cry for lower taxes and were able to shove through the last Congress a bill which repealed the excess profits tax and reduced the surtax from 65 per cent to 50 per cent, or \$500,000,000 annually, but practically nothing was done for the little fellow.

But it was then claimed, as it is now, that reduction on surtaxes will mean greater prosperity, lower cost of living, and more work. Do not forget the last, "more work"; but they did not say anything about better wages. How much has the cost of living been reduced in the last two years? I ask you. How much has the plight of the farmer and worker been bettered as a result of exempting the big fellow from paying his just share of the taxes by repealing the excess-profits tax and reducing the surtaxes? Not only has there been no change for the better but the condition of the masses is growing worse. The cost of living is increasing, rents are sky high, many essentials in life according to American standards are almost beyond the reach of the average man. The farmer can not sell his crops; he has to give them away for almost nothing; the trusts and speculators have him by the throat and are gradually squeezing his belongings from him. The once healthy landowning, prosperous farming people of America are swiftly becoming landless and poverty-stricken tenants.

Gentlemen, I am for lower taxes. I am in favor of the abolition of the excise taxes that have unjustly been weighing down the jewelry-merchant business and the automobile business and many other lines of industry. These sales taxes inevitably were reflected in the articles purchased by the consuming public. I am in favor of abolition of the so-called nuisance taxes. I am opposed to the continuation of amusement taxes, such as taxes on theater tickets, and so forth. I would abolish all these so-called nuisance and sales taxes.

I am in favor of the tax plan such as was outlined by my colleague and friend Mr. FREAR, who has so ably and forcefully set forth the wishes of the Progressives in this matter of taxation.

The real problem, then, is not so much tax reduction as it is tax readjustment. We must get away from the warped standards of taxation, such as has been the basis of the Mellon plan, and get back to the principle that taxes should be levied according to ability to pay; and the sooner we do this the sooner will we actually bring relief to the country.

Mr. DEAL. Mr. Speaker, the question of taxation has more of interest to me, and should have to every Representative, than any that may come before us for consideration. Upon it depends the peace, happiness, and prosperity of the individual and the Nation. It has rightly been characterized as the power to destroy by many students of taxation as well as by our own Supreme Court in decisions bearing upon the subject. That its importance demands great research, profound study, and experience will not be denied. It would seem ludicrous, therefore, for one so ill informed as I to take issue with those

who for two decades and more have devoted so much time and thought to the subject, and I would not do so were it not apparent to even a casual observer that political advantage has a first place in the consideration of the revenue measure before us.

The demand for reduction in taxes has been so general and so pronounced that it approaches an upheaval in its proportions. I can not think that a request or effort by a few financiers could have aroused such a general demand for a reduction of taxes. I am constrained to believe that it is a spontaneous expression of suffering with which the business and agricultural interests of the country are afflicted. The Mellon plan was the first suggestion of relief in the matter of taxation, and became immediately popular. It is, of course, impossible that the public could know the details, advantages, or disadvantages of any of the plans that have been proposed. It wants tax reduction, and the Mellon idea was the first and only clear-cut proposal that has been presented. Other proposals seem to have only to do with a surtax, normal tax, and nuisance taxes, and have been advanced as amendments to the Mellon idea.

The foundation and framework of a tax plan is embodied only in House Resolution 6715. It was suggested when the Mellon plan was first announced that it proposed a simplification of the income-tax returns, a demand which has been and is universal. Indeed, the complaints against the intricacies, uncertainties, and utter inability to understand these laws by the average citizen has been the principal complaint against the income tax, but of all the measures that have been proposed the one now under consideration seems to me to be the most vicious, most dangerous, and most unjust.

I have always felt that incomes are a source from which the Government should derive revenue provided it is equitably apportioned. I have never felt, however, that a progressive income tax is either just or in conformity with the spirit of our Constitution. Indeed, I have not thought until consideration of the so-called Mellon plan began that it was constitutional. Only now do I concede so much because I find the Supreme Court, whose duty it is to interpret the law, has declared it permissible by the Constitution. That Congress has the right to tax incomes has not at any time been denied. Contentions have arisen from the belief that the tax has been improperly applied. The first income-tax law enacted by the Congress was in 1861 and continued until 1870, when it was repealed. There was no contest under these laws. In 1894 Congress again enacted an income-tax law which provided a flat tax of 2 per cent on incomes in excess of \$4,000.

The constitutionality of this law was attacked in the case of *Pollock v. Farmers' Loan & Trust Co.* (U. S. 157, p. 429) on the ground primarily that it taxed incomes from lands, which is a direct tax, and, therefore, subject to apportionment.

Paragraph 3, section 2, Article I, of the Constitution provides that—

Representatives and direct taxes shall be apportioned among the several States which may be included within the Union according to their respective numbers.

This apportionment not having been made, it was claimed that such a tax was confiscatory. The Supreme Court did not declare that income taxes as such were unconstitutional, but did determine what constitutes a direct tax, namely, capitation, lands and houses, and the revenue derived from these sources.

Section 8, Article I, provides that the—

Congress shall have power to lay and collect taxes, duties, imposts, and excises to pay the debts, etc., of the United States, but all duties, imposts, and excises shall be uniform throughout the United States.

Previously it had been assumed that all income taxes would come under the head of excises, treating only as direct taxes a head tax and tax upon land values. This decision, above mentioned, therefore defined the two separate sources from which income could be derived—direct and indirect. The constitutionality of the indirect tax not having been attacked, the court did not at that time undertake to express an opinion as to taxes under this head, but merely declared the act as unconstitutional because there had been a failure to apportion the direct tax. There was a rehearing of this case (U. S. 158, p. 41), and on May 20, 1895, the court affirmed its previous decision, declaring that income from personal property is also a direct tax, still failing to express an opinion upon excise or indirect taxes other than that they should be uniform throughout the United States.

Mr. Justice Field, while concurring with the majority opinion in the aforesaid case, went further, taking the position that the act of 1894, as related to incomes, was unconstitutional in that it exempted from taxation incomes of \$4,000 or less, thus destroying the uniformity of the tax, and closed his opinion with these remarks:

I could not say less in view of questions of such gravity that go down to the very foundation of the Government. If the provisions of the Constitution can be set aside by an act of Congress, where is the course of usurpation to end? The present assault upon capital is but the beginning. It will be but the stepping stone to others, larger and more sweeping, till our political contests will become a war of the poor against the rich; a war constantly growing in intensity and bitterness.

No more prophetic vision was ever expressed; within 20 years his predictions reached the culmination of all of his fears. For 10 years the war has raged with a growing intensity, and the end is not yet. To-day the avowed purpose of many upon this floor is to exempt the poor, and relatively poor, from any income tax and to take from the larger incomes so much as to prevent that which they are pleased to term "swollen fortunes."

The difficulty of enacting legislation taxing incomes from indirect sources and at the same time from direct sources necessitated an amendment to the Federal Constitution, which was submitted by the Sixty-first Congress, in 1910. The resolution was submitted, not with the idea of giving Congress greater power to tax incomes than it already possessed, but to define how the tax might be laid, and reads as follows: "That Congress shall have the power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration." This was ratified by 36 States and proclaimed by the Secretary of State February 25, 1913. The evident intent of the amendment was to reach incomes from direct sources. It did not create any new source from which incomes might be collected, but merely brought together the two sources, direct and indirect, in such shape that Congress could, without complication, enact an income tax law. Congress, in June, 1913, enacted an income tax law and made it progressive. This was contested, and in 1916 declared constitutional by a majority of the Supreme Court of the United States. It is my opinion that the Supreme Court was too liberal in its interpretation as to the tax from excises, which the Constitution requires to be uniform.

The graduated tax is a varying tax, and is not uniform in that it undertakes to tax incomes of one person at a higher rate than that of another. A flat tax upon all incomes is indisputably the equitable method by which incomes should be taxed, and so it was considered by both the States and Congress until the progressive idea was advanced in 1913.

By a flat tax I mean the same percentage of an income, be it large or small, viz, if A has an income of \$10,000,000 and B an income of \$10,000, and a tax of 10 per cent were laid, A would pay a tax of \$1,000,000, while B would pay \$1,000; each would pay in proportion to his means, but if a progressive tax is laid, ranging, as proposed in the bill under consideration, the income up to ten or twelve thousand, as the case may be, would pay no surtax. The incomes from \$10,000 to \$100,000 would vary from 1 to 25 or 44 per cent, and those above \$100,000 would pay at the same per cent as those of \$100,000. This applies in principle equally to the Mellon and Garner plans.

The inconsistency being that neither plan carries out the theory of placing the burden of taxation upon those best able to bear it. As a matter of fact, the burden of progressive taxation is applied as between the incomes of \$10,000 and \$100,000, and there the progressive feature ends, leaving all incomes from \$100,000 up to infinity to be taxed at the same rate as the \$100,000 income and exempting those of \$10,000 and under, so that the progressive tax is placed on those incomes which by no possible stretch of the imagination could be considered as a menace to the welfare or well-being of the American people, and certainly can not be regarded as uniform. The Supreme Court, however, has concluded that the word "uniform" means "geographical." The exact intent of this interpretation is not clear to me, the inference, however, appearing to be that "uniform" means varying, in the discretion of Congress. If this be true, and in practice it seems to be, that Congress could enlarge upon the idea and take all of the net income from Mr. Ford, Mr. Wrigley, Mr. Mellon, the Standard Oil Co., and so forth, and thus destroy the so-called menace to society. Constitutional guarantees would be eliminated and the avenue opened wide for confiscation at the instance of communistic movements, which have for their purpose the destruction of property rights. Be it remembered that this bill would not only

exempt incomes up to and including \$10,000 and end its progressive feature at \$100,000, but it also proposes to exempt earned incomes to the extent of 25 per cent over those of incomes from other sources of like amount, still further infringing upon the meaning of the word "uniform" as given by our standard dictionaries. While not in sympathy with any of the plans proposed, I am confronted with the fact that the plan is already in force and the degree at which this confiscatory process shall proceed is the question only with which we have to deal. My own opinion is that the so-called Mellon plan approximates more nearly equity than does either the Garner plan or the Frear plan, the difference, however, being so slight that it is my purpose to vote with my party and not take advantage of my liberty to vote for that which I consider the better. Permit me to submit a table of rates and taxes derived therefrom:

Income.	Present law.	Mellon plan.	Democratic plan.
	Per cent.	Per cent.	Per cent.
\$0,000-\$10,000.....	1	0	0
\$10,000-\$12,000.....	2	1	1
\$12,000-\$14,000.....	3	2	2
\$14,000-\$16,000.....	4	3	3
\$16,000-\$18,000.....	5	4	4
\$18,000-\$20,000.....	6	5	5
\$20,000-\$22,000.....	8	6	6
\$22,000-\$24,000.....	9	7	7
\$24,000-\$26,000.....	10	8	8
\$26,000-\$28,000.....	11	9	9
\$28,000-\$30,000.....	12	10	10
\$30,000-\$32,000.....	13	11	11
\$32,000-\$34,000.....	15	12	12
\$34,000-\$36,000.....	15	13	13
\$36,000-\$38,000.....	16	14	14
\$38,000-\$40,000.....	17	14	15
\$40,000-\$42,000.....	18	15	15
\$42,000-\$44,000.....	19	15	16
\$44,000-\$46,000.....	20	15	17
\$46,000-\$48,000.....	21	16	18
\$48,000-\$50,000.....	22	16	19
\$50,000-\$52,000.....	23	16	20
\$52,000-\$54,000.....	24	17	21
\$54,000-\$56,000.....	25	17	22
\$56,000-\$58,000.....	26	17	23
\$58,000-\$60,000.....	27	18	24
\$60,000-\$62,000.....	28	18	25
\$62,000-\$64,000.....	28	18	26
\$64,000-\$66,000.....	29	18	27
\$66,000-\$68,000.....	29	18	28
\$68,000-\$70,000.....	30	19	29
\$70,000-\$72,000.....	30	19	30
\$72,000-\$74,000.....	31	19	31
\$74,000-\$76,000.....	32	19	32
\$76,000-\$78,000.....	33	20	33
\$78,000-\$80,000.....	34	20	34
\$80,000-\$82,000.....	35	20	35
\$82,000-\$84,000.....	36	21	36
\$84,000-\$86,000.....	37	21	37
\$86,000-\$88,000.....	38	21	38
\$88,000-\$90,000.....	39	22	39
\$90,000-\$92,000.....	40	22	40
\$92,000-\$94,000.....	41	22	41
\$94,000-\$96,000.....	42	23	42
\$96,000-\$98,000.....	43	23	43
\$98,000-\$100,000.....	44	23	44
\$100,000-\$150,000.....	45	24	44
\$150,000-\$200,000.....	47	24	44
\$200,000 and over.....	49	25	44

The following table of comparison of the Democratic plan with the Mellon plan will be interesting as well as instructive:

Comparative table showing amount of surtax under the existing law, Mellon plan, Democratic plan, and Longworth compromise plan.

Income.	Present.	Mellon.	Democratic.	Longworth.
\$11,000.....	\$60.00	\$10.00	.....	\$15.00
\$12,000.....	80.00	20.00	.....	30.00
\$13,000.....	110.00	40.00	.....	52.50
\$14,000.....	140.00	60.00	.....	75.00
\$15,000.....	180.00	90.00	.....	105.00
\$16,000.....	220.00	120.00	.....	135.00
\$17,000.....	270.00	160.00	.....	172.50
\$18,000.....	320.00	200.00	.....	210.00
\$19,000.....	380.00	250.00	.....	255.00
\$20,000.....	440.00	300.00	.....	300.00
\$21,000.....	520.00	360.00	.....	360.00
\$22,000.....	600.00	420.00	.....	420.00
\$23,000.....	690.00	490.00	.....	487.50
\$24,000.....	780.00	560.00	.....	555.00
\$25,000.....	880.00	640.00	.....	630.00
\$26,000.....	980.00	720.00	.....	705.00
\$27,000.....	1,090.00	810.00	.....	787.50
\$28,000.....	1,200.00	900.00	.....	870.00
\$29,000.....	1,320.00	1,000.00	.....	960.00
\$30,000.....	1,440.00	1,100.00	.....	1,050.00

Comparative table showing amount of surtax under the existing law, Mellon plan, Democratic plan, and Longworth compromise plan—Continued.

Income.	Present.	Mellon.	Democratic.	Longworth.
\$31,000.....	\$1,570.00	\$1,210.00	\$1,000.00	\$1,147.50
\$32,000.....	1,700.00	1,320.00	1,100.00	1,245.00
\$33,000.....	1,850.00	1,440.00	1,210.00	1,357.50
\$34,000.....	2,000.00	1,560.00	1,320.00	1,470.00
\$35,000.....	2,150.00	1,690.00	1,440.00	1,582.50
\$36,000.....	2,300.00	1,820.00	1,560.00	1,720.00
\$37,000.....	2,460.00	1,960.00	1,690.00	1,815.00
\$38,000.....	2,620.00	2,100.00	1,820.00	1,935.00
\$39,000.....	2,790.00	2,240.00	1,960.00	2,062.50
\$40,000.....	2,960.00	2,380.00	2,100.00	2,190.00
\$41,000.....	3,140.00	2,530.00	2,250.00	2,325.00
\$42,000.....	3,320.00	2,680.00	2,400.00	2,460.00
\$43,000.....	3,510.00	2,830.00	2,560.00	2,602.50
\$44,000.....	3,700.00	2,980.00	2,720.00	2,745.00
\$45,000.....	3,900.00	3,130.00	2,890.00	2,895.00
\$46,000.....	4,100.00	3,280.00	3,060.00	3,045.00
\$47,000.....	4,310.00	3,440.00	3,240.00	3,202.50
\$48,000.....	4,520.00	3,600.00	3,420.00	3,360.00
\$49,000.....	4,740.00	3,760.00	3,610.00	3,525.00
\$50,000.....	4,960.00	3,920.00	3,800.00	3,690.00
\$51,000.....	5,190.00	4,080.00	4,000.00	3,862.50
\$52,000.....	5,420.00	4,240.00	4,200.00	4,035.00
\$53,000.....	5,660.00	4,410.00	4,410.00	4,215.00
\$54,000.....	5,900.00	4,580.00	4,620.00	4,395.00
\$55,000.....	6,150.00	4,750.00	4,840.00	4,582.50
\$56,000.....	6,400.00	4,920.00	5,060.00	4,770.00
\$57,000.....	6,660.00	5,090.00	5,290.00	4,965.00
\$58,000.....	6,920.00	5,260.00	5,520.00	5,160.00
\$59,000.....	7,190.00	5,440.00	5,760.00	5,362.50
\$60,000.....	7,460.00	5,620.00	6,000.00	5,565.00
\$61,000.....	7,740.00	5,800.00	6,250.00	5,775.00
\$62,000.....	8,020.00	5,980.00	6,510.00	5,985.00
\$63,000.....	8,310.00	6,160.00	6,780.00	6,202.50
\$64,000.....	8,600.00	6,340.00	7,060.00	6,420.00
\$65,000.....	8,900.00	6,530.00	7,350.00	6,645.00
\$66,000.....	9,200.00	6,720.00	7,650.00	6,870.00
\$67,000.....	9,510.00	6,910.00	7,960.00	7,102.50
\$68,000.....	9,820.00	7,100.00	8,270.00	7,335.00
\$69,000.....	10,140.00	7,290.00	8,590.00	7,575.00
\$70,000.....	10,460.00	7,480.00	8,910.00	7,815.00
\$71,000.....	10,790.00	7,680.00	9,240.00	8,062.50
\$72,000.....	11,120.00	7,880.00	9,570.00	8,310.00
\$73,000.....	11,460.00	8,080.00	9,910.00	8,565.00
\$74,000.....	11,800.00	8,280.00	10,250.00	8,820.00
\$75,000.....	12,150.00	8,480.00	10,600.00	9,082.50
\$76,000.....	12,500.00	8,680.00	10,960.00	9,345.00
\$77,000.....	12,860.00	8,890.00	11,310.00	9,615.00
\$78,000.....	13,220.00	9,100.00	11,670.00	9,885.00
\$79,000.....	13,590.00	9,310.00	12,040.00	10,162.50
\$80,000.....	13,960.00	9,520.00	12,410.00	10,440.00
\$81,000.....	14,340.00	9,730.00	12,790.00	10,725.00
\$82,000.....	14,720.00	9,940.00	13,170.00	11,010.00
\$83,000.....	15,110.00	10,160.00	13,560.00	11,302.50
\$84,000.....	15,500.00	10,380.00	13,960.00	11,595.00
\$85,000.....	15,900.00	10,600.00	14,360.00	11,895.00
\$86,000.....	16,300.00	10,820.00	14,750.00	12,195.00
\$87,000.....	16,710.00	11,040.00	15,160.00	12,502.50
\$88,000.....	17,120.00	11,260.00	15,570.00	12,810.00
\$89,000.....	17,540.00	11,490.00	15,990.00	13,125.00
\$90,000.....	17,960.00	11,720.00	16,410.00	13,440.00
\$91,000.....	18,390.00	11,950.00	16,840.00	13,762.50
\$92,000.....	18,820.00	12,180.00	17,270.00	14,085.00
\$93,000.....	19,260.00	12,410.00	17,710.00	14,415.00
\$94,000.....	19,700.00	12,640.00	18,150.00	14,745.00
\$95,000.....	20,150.00	12,880.00	18,590.00	15,082.00
\$96,000.....	20,600.00	13,120.00	19,030.00	15,420.00
\$97,000.....	21,050.00	13,360.00	19,470.00	15,765.00
\$98,000.....	21,520.00	13,600.00	19,910.00	16,110.00
\$99,000.....	21,990.00	13,840.00	20,350.00	16,462.50
\$100,000.....	22,460.00	14,080.00	20,790.00	16,815.00
\$150,000.....	46,460.00	26,580.00	42,790.00	34,815.00
\$200,000.....	70,960.00	39,080.00	64,790.00	53,190.00
\$250,000.....	95,960.00	61,580.00	85,790.00	71,940.00

The precedents established under this system of taxation may, with the changing vicissitudes of political conditions, some day react upon those whom we now seek to exempt in favor of those upon whom we now place the burden; such has been the history of autocracies. In our envy and malice and venom toward the man who has made "two blades of grass grow" instead of one we march with hilarity to the slogan, "We'll place the burden of taxation upon those best able to bear it." To accomplish this end we override with impatience certain constitutional inhibitions which are far more valuable to the poor man than to the rich, and though they now enable us to attain the end desired are susceptible to the grossest kind of oppression for our posterity when wealth shall in turn assume the reins of Government.

The colonist when subject to the British were oppressed by burdensome and unusual taxes. They were not given representation, and therefore had no voice in the burden placed upon them. To collect these oppressive taxes, because of which the people began to complain, British detectives and spies were authorized to break into the privacy of the home, to search and seize private papers, records, and correspondence of the people,

thus destroying their peace, happiness, and prosperity by placing their liberty in the hands of irresponsible petty officers.

John Adams, in the year 1817, referring to the trial of a case at Boston in the year 1761, at which he was present, for the searching of premises under general search warrants for smuggled liquor, in which the British court held that though an invasion of the citizens' rights it was necessary to enforce the law, declared that "American independence was then and there born." "In 15 years, 1776, he grew up to manhood and declared himself free." The colonist knew full well the price of liberty. They were willing to pay. Having suffered the humiliations imposed by a British tyrant plus seven years of war, can any sane mind conceive for a moment that those patriots, breathing the air of freedom, when assembled to construct a Government, did not mean every word literally that they wrote into a solemn contract between themselves and their posterity as parties of the first part and the creation by their own hands of a party of the second part?

This contract which we call a Constitution was intended as the inner fort of defense against a duplication of British tyranny. The Congress elected each two years was to be a first line of defense, the Senate a second, and finally the Constitution manned by the Supreme Court was to be the third line. In less than 130 years attacks by minorities of selfishness and greed have broken through the first line in sundry places, undermined the second, and has unquestionably made breaches in the third. To-day we find the first and second lines joining in an effort to destroy the liberty so dearly purchased. It would seem that the courts have weakened. The "big Bertha"—Congress—has been trained upon liberty. Breach after breach has been made. The Constitution said direct taxes shall be apportioned among the States according to representation determined by a census, meaning unquestionably to be kept as nearly equal and uniform as possible. The Supreme Court said this tax was not intended to be equal. The Constitution says that duties, impost, and excises shall be uniform throughout the United States. The court said incomes from realty and personal property is not an excise but a direct tax and subject to apportionment. The Constitution was changed to remove the direct income from apportionment. The court then said uniform taxes as applied to incomes do not mean equal taxes but is "geographical," and hence income taxes mean unequal taxes if Congress so wills. The Constitution says that property shall not be taken without due process. The court says that as applied to incomes unequal tax by progression does not take property without due process, and therefore not confiscatory. The Constitution says that Congress shall make the law and does not authorize it to delegate that power. The court says that Congress has the right to delegate these powers if they call them rules and regulations. The executive branch then makes a code of laws for violation of which citizens may be imprisoned. The Constitution says that the right to be free from unreasonable search and seizures shall not be violated. Congress says that the income tax and prohibition laws can not be enforced without an invasion of those rights. Now, what is the effect of this violence to the Constitution by the Congress and these decisions by the court? Some citizens have had and are having 50 per cent of their property (income) taken from them, while others are exempted; but this is "geographical," and therefore the fathers who fought the war in order to enjoy equal rights intended arbitrary and unequal taxation for their posterity. Congress says that a progressive tax is a just tax.

The court says all right. The Executive branch of the Government makes law and the citizen is persecuted. The Executive searches the home, the premises, the papers, books and letters of respectable citizens, and seizes his property without warrant. The fathers said government exist by consent of the governed. Congress and the Executive says we will govern without consent. The fathers said that government should afford the greatest amount of peace, happiness, and prosperity. Congress and the Executive backed to some extent by the Supreme Court says that we are the judges of what should be peace, happiness, and prosperity. English jurisprudence since the days of Magna Charter assumes that "all persons are innocent of crime till proven guilty, and the burden of proof rests upon the Government." Congress and the Executive, aided by court decisions, assumes that all persons are guilty of crime and the burden of proof as to innocence rest upon the citizen. Are we not back where we were in 1775? How long ere we must again fight the same old fight of our fathers against the tyrants John and Charles and George. What is there to a name? What matters if it be a king, an emperor, a president, a bureau, or a Congress, if we are to be taxed for the pleasure of the farmer to-day, the laborer to-morrow, capital the day after, and so forth, if the sacred rights of home, person, and private effects are to be

violated at the instance of irresponsible underlings—if property rights are to be confiscated? Once upon the road to autocracy no Government ever turns back, and rarely, if ever, even halts. To invoke Constitutional limitation is but to provoke derision, so uncompromisingly determined are we to destroy those whom because of their wealth we are pleased to regard as a menace to society. Be it remembered that the estimated tangible wealth of the Nation is \$300,000,000,000, it is safe to assume an intangible wealth of \$200,000,000,000 in addition, or a total of \$500,000,000,000 compared to this the menace of our wealthiest citizen with \$750,000,000, would not seem particularly to be feared. My opinion is that the law against promogeniture will take care of this danger. So thought the framers of our Government. The breaking down of constitutional guaranties is a menace to the poor and the rich alike.

Section 1001 delegates absolutely to the commissioner authority to prescribe all needful rules and regulations for the enforcement of this act. It would have been more accurate to have stated that the commissioner is hereby authorized to make and repeal such law as he may deem necessary for the enforcement of this act. The power to make law is vested solely and exclusively in Congress, and the authority to delegate that power has not yet been given. There is nothing more important, however, to every citizen in the United States than the question of his taxes, and if there is any line to be drawn anywhere, at any time, under any conditions, as to the power of Congress to delegate to the executive branch of the Government the right to make law, this is the place and time at which and in which the line should be drawn. These rules and regulations have the binding force of law and subject the citizen to the penalties provided by the bill. Every citizen has a right to know what the law is, but under the powers herein delegated these laws of the commissioner may be changed from day to day, with no opportunity to the citizen to know of the changes that may have been made. The citizen is placed absolutely at the mercy of the honesty, of the decency, and of the intelligence of the commissioner and his assistants. The framers of our Government never intended that such powers should be exercised by the Executive. On the contrary, they attempted in every way possible to separate this power from the Executive, realizing the danger to human liberty resulting therefrom.

Section 1002-A provides that every person shall keep such records as may be required by the commissioner and Secretary. In other words, the millions of people who are struggling with small capital to earn a competence in some line of business would be forced to keep an extended system of red-tape book-keeping at the command of the commissioner, a burden the cost of which can not be estimated. We have no means of knowing or determining what has been the cost to American citizens of making income-tax returns, and meeting the many unreasonable and complicated demands made by the commissioner. I have an idea that this cost runs into the hundreds of millions of dollars for the employment of lawyers, certified accountants, and traveling expenses to Washington in an effort to protect themselves against demands which they believe to be unjust and unreasonable.

Section 1004 provides that any revenue agent or inspector designated by the commissioner may examine the books, papers, records, or memorandum bearing upon matters required in a return. This enables a detective of the Government to pry into the most private and sacred matters of any citizen, in direct violation of the fourth amendment to the Constitution. I do not believe there is a Member of this body who can or would deny the accuracy of this statement. It is a most vicious principle, that takes from the American citizen the most sacred right and privilege guaranteed by the Constitution and enjoyed prior to the ratification of the sixteenth amendment. Surely there is intelligence enough in this body and among the splendid men who compose the Ways and Means Committee to draft a tax measure that would be within the limits of the Constitution and protect American citizens in the rights to which they are entitled. The practice of committees in accepting bills written by the executive departments of our Government is dangerous in the extreme and unworthy of the intelligence of this Congress.

Mr. LOZIER. Mr. Speaker, I have offered an amendment to subsection 1 of section 701 of the pending revenue bill. As reported by the Ways and Means Committee, this bill imposes a tax on brokers whose business is to negotiate sales of stocks, bonds, and other securities. It is intended primarily to reach the membership of organizations like the stock exchanges at New York, Boston, Philadelphia, and other large cities. It imposes a flat tax of \$50 on each broker and requires the payment of an additional amount based on the value of the

broker's seat or membership in the stock exchange. If the seat or membership is worth from \$2,000 to \$5,000, the broker pays an additional tax of \$100. If the membership is worth more than \$5,000, the additional tax is \$150.

Now, my amendment proposes to increase this tax in proportion to the value of the seat or membership. The section as reported by the committee makes the tax on a seat or membership worth \$5,000 the same as the tax on a seat or membership worth \$50,000 or \$100,000. A membership on the New York Stock Exchange sells at prices ranging from \$75,000 to \$100,000. Under a progressive tax system, why should not this tax on these seats be graduated according to the value of such membership?

Assuming that a seat or membership on the New York Stock Exchange is worth \$75,000 and a seat or membership in the Minneapolis Stock Exchange is worth \$5,000, is there any reason or equity in charging the Minneapolis broker the same tax as is charged against the New York broker?

The section as reported by the committee starts out all right and is good as far as it goes, but it does not go far enough. A seat or membership in the New York Stock Exchange is exceedingly valuable, because on the floor of this exchange are sold daily stocks and bonds of the value of many millions of dollars. This means a large volume of business for the members and a greater opportunity for profits. Is it reasonable to tax a broker who handles only a few transactions on a second or third class stock exchange the same as the broker who does an exceedingly large business on the floor of the New York Stock Exchange?

My amendment not only graduates and equalizes the brokerage tax, but it will multiply the revenue from this source many times. The section as it now stands is only a gesture in the right direction. My amendment will make this provision a real revenue producer.

Mr. CELLER. Mr. Speaker and gentlemen of the House, I am in favor of the highest kind of inheritance tax, yet I am opposed to the Ramseyer amendment increasing inheritance taxes beyond the present rate. As to the theory of inheritance taxes, a purpose thereof, but not the primary purpose, is to raise revenue. We must always, however, keep in sight of the fact that fundamentally it is to prevent concentration of large wealth in the hands of a few individuals that we have these death duties. The inheritance tax, on the other hand, is the most direct tax we have. It is a tax that can be least evaded. It is a tax that will get at tax-exempt securities; and while I voted for the tax-exempt securities constitutional amendment, I will say to my friend from Wisconsin [Mr. FREAR], yet I am opposed to this amendment.

And why? We are living under a dual form of government, where the State government is sovereign and the Federal Government is sovereign under the Constitution, and we have the condition where the Federal Government is in the business of inheritance tax and where the State governments are in the business of inheritance tax, and we know which is the stronger of the two. The Federal Government is irrepresible, and once the Federal Government gets in competition with the State governments we know that the States must, of necessity, recede.

Now, I have taken the trouble to make a computation of the maximum rates that have been fixed by the various Commonwealths, and the amounts are astounding. We find, for example, that the maximum rate at which West Virginia taxes collateral relatives and what the Germans call "laughing heirs" is as high as 35 per cent; that Wisconsin and Washington are as high as 40 per cent; that Missouri and Illinois are 30 per cent; that Oregon, Nevada, and Arizona are 25 per cent; that Georgia taxes 21 per cent; that Iowa, Indiana, and California are 20 per cent.

Now, my friends, where and when will this intense competition cease? If we increase these inheritance taxes beyond 25 per cent, we know that the State governments will ape the Federal Government and they will increase the rates correspondingly.

In regard to New York State we have a condition where New York will be deprived, if you pass this amendment, of a goodly portion of its source of revenue. We are taxed in New York, for example, to the extent of nearly 3 per cent on city real property on its assessed valuation. That is a tremendously high rate, and that is because the State government can not otherwise secure enough revenue and therefore levies a direct tax upon the various cities and communities, who in turn tax real estate at very high rates.

Now, New York and other States are about to pass a State soldiers' bonus. We know, for example, that there are \$11,000,000,000 of tax-exempt securities in existence. Where are the States going to get the money to pay the principal on all these

tax-exempt securities and the State soldiers' bonus? They must get it somewhere. I can say with greater grace than some gentlemen on that side of the House that I am in favor of the State-rights theory of government, and I do not want to see the Federal Government reaching out like an octopus in every direction, seeking and seizing every source of revenue that is now open to the States. For example, in New York City, because we have prohibition, we have been deprived of certain excise taxes, with the result that almost our entire police pension fund has been depleted, and that fund faces a gigantic deficit.

Where is New York going to raise the money to effect a surplus rather than have a deficit in the police fund? That is only typical of the situation in New York City and elsewhere throughout the country. We must not, without the maturest kind of consideration, take away this source of revenue from the States.

Away back in 1907, before New York passed its transfer tax law, in a report of the special tax commission presided over by Mr. Edward R. N. Sellman, of Columbia University, this report was made to the New York Legislature:

From the point of view of financial needs, therefore, it is eminently desirable that the National Government should refrain from seizing on those sources of revenue which can constitutionally be utilized by our various Commonwealths and which will surely be more and more needed as time goes on.

It is probably without a due appreciation of the importance of this fact that the President—

Roosevelt was President then—

has recommended and many public-spirited and wealthy citizens have endorsed national inheritance taxes. The States must therefore not only act promptly by fastening upon these and other substantial subjects of taxation by equitable methods, so as to hold within our borders much-needed revenue for local purposes, but they must so seek to develop them that these sources of revenue be not closed to us in the future by the irresistible competition of the National Government. The National Government is stronger than any State government. If such taxes are once placed upon the statute books of the Nation as permanent measures, they will not readily be removed.

How true that prophecy has come to be. The Federal Government is seeking more and more to invade the States and take away from the States their right to tax and take away from the States their various and many sources of revenue, so that there is really nothing left to the States except a small income-tax rate, and the large income taxes we are fastening upon the country discourage the States from even trying to get their adequate portion of revenue from income tax.

Now, I admit there is a lack of comity in the country with reference to inheritance taxes. I have a case in mind where a man had Rock Island bonds in a safe-deposit vault in Boston. He was domiciled in New York and his estate had to pay an inheritance tax on those bonds in four different States; and why?

New York got its inheritance tax from his estate because he was domiciled there. Massachusetts insisted upon getting its inheritance tax because the physical possession of the security was in Massachusetts, because the securities were in a safe-deposit box in Boston; and the States of Illinois and Iowa insisted on getting their proportion because, as I understand it, the Rock Island Railroad Co. was incorporated in both of those Commonwealths. In addition to that, the Federal Government also insisted upon exacting its toll of the Federal inheritance tax.

I know of another case where a man in Michigan made a large bequest to the Smithsonian Institution, a Federal agency, and the State of Michigan said, "We must have our tax because Michigan"—as I understood it—"only allows a limit with reference to exemptions where the gift is made to educational institutions." And we had the spectacle of the Smithsonian Institution being compelled to pay back into the coffers of Michigan a portion of that gift.

I had to handle an estate in my office where it was necessary to file inheritance-tax returns in over a dozen different States, and several of them taxed the same property. It takes days and sometimes weeks to get waivers from the comptrollers or treasurers of the various States, which waivers evidence payment, or lack of necessity for payment, of the death duties; with the result that the endless delay results sometimes in violent changes in values due to fluctuations in the stock market quotations. Such uncertainties ought never enter into the sale of securities by executors and trustees of estates.

If a corporation is organized in State A and does business in State B and the decedent holding its stock lived in State C, all three States will exact its toll from the stock. Ofttimes the

taxes due the various Commonwealths total more than the value of the stock.

Every State has a different inheritance-tax procedure and law. Florida advertises that it proposes to amend its constitution to prevent the exaction of inheritance taxes, so as to attract rich men to come there and die.

Now, I say, because of this disparity of State inheritance taxes, because of this lack of comity, there should be assembled, as the gentleman from New York has well said, at some place representatives from all the Commonwealths and representatives of the Federal Government to work out some logical and scientific scheme of taxation on inheritances, and thus avoid the spectacle of a person being compelled to pay taxes to several States on the same property.

Until this chaos is removed from State transfer taxes the Federal Government should leave well enough alone.

We have a uniform sales act, a uniform negotiable instruments law, and should have a uniform transfer tax law operative in the various States.

IN OPPOSITION TO GIFT TAX AMENDMENT.

The so-called gift tax is objectionable because—

1. It is unnecessary.
2. It defeats the purpose of the inheritance taxes.

It is idle and regrettable to add subjects of taxation to the revenue bill when its purpose is to reduce taxes and to decrease the number of subjects and articles to be taxed. The revenue bill is, indeed, the piece de resistance of the present session of Congress, but the gift tax will not sit well upon the stomach of the Nation.

Of all nations France is the only one that I know of that has a gift tax. The principal theory of the inheritance tax is the prevention of concentrated wealth in the hands of a few. Democracies are jealous of swollen fortunes, that make for the very antithesis of democracy, namely, moneyed aristocracy. The inheritance tax, therefore, is supposed to encourage the rich man to divide his wealth in his lifetime, under penalty of paying the tax at his death. But if you penalize him in his lifetime by a gift tax—a tax on all gratuitous distribution of his property—you discourage the very diffusion of large estates, which diffusion the inheritance tax aims at, and on the other hand you increase the incentive to pile up fortunes, the very evil that the inheritance tax discourages.

The inheritance tax or death duties have not the primary purpose of raising revenue; that is its secondary purpose. Its primary purpose was and is to fritter away what Roosevelt called "swollen fortunes." The gift tax defeats this purpose.

The rich man, if you have the large inheritance tax and the corresponding gift tax, is caught between two fires; he is damned if he does and damned if he does not—that is, he is heavily taxed if he divides his property during his lifetime by gifts and is heavily taxed if he does not, and keeps it intact till death, when the inheritance taxes attach it. The gift tax will undoubtedly yield revenue and lots of it, but a great evil is engendered. The rich man, caught between Scylla of gift taxes and Charybdis of death taxes prefers always to hold his property to the end and pay the death taxes. We thus play into the hands of "swollen fortunes." Mortmain "the dead hand" is triumphant. The dead man controls the estate now in the hands of the living. His dead hand reaches out in absolute control.

This amendment is ill considered. I have examined the files of the Congressional Library and found nothing on it. England has no gift tax. No continental nation, except France, has adopted it. We know little of the operation of such a law. I am opposed to it and hope it shall be voted down despite the fact that its author is the ranking member on our side on the Ways and Means Committee, the distinguished gentleman from Texas [Mr. GARNER], a man whose wisdom and prudence I shall always respect, but whose leadership I must respectfully decline to follow at this time.

INTERIOR DEPARTMENT APPROPRIATION BILL.

Mr. CRAMTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 5078, the Interior Department appropriation bill, disagree to the Senate amendments, and agree to the conference asked for by the Senate.

The SPEAKER. The gentleman from Michigan asks unanimous consent to take from the Speaker's table the bill H. R. 5078, the Interior Department appropriation bill, disagree to all the Senate amendments, and agree to the conference asked for by the Senate. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 5078) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1925, and for other purposes.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, reserving the right to object—and I shall not object—I want to ask the gentleman whether or not he is going to give us the opportunity—

Mr. SEARS of Florida. Mr. Speaker, I make the point of no quorum.

Mr. BLANTON. Then I object, Mr. Speaker.

Mr. CRAMTON. If the gentleman insists on his point, I would rather withdraw my request.

Mr. SEARS of Florida. I will withdraw it if you are not going to waste too much time.

Mr. BLANTON. The Senate has added \$2,500,000 to that bill over and above what the House put in. Is the gentleman going to give us an opportunity to vote on those raises before he agrees to them in conference?

Mr. CRAMTON. I could not promise that as to all of them, but there are some of them as to which I could. For instance, there is an item of half a million dollars for Howard University that I would be obliged to bring back under the rules.

Mr. BLANTON. How about those matters out in Idaho?

Mr. CRAMTON. One of them, you will remember, I reported to the House.

Mr. BLANTON. But they are new items, so far as the House is concerned.

Mr. CRAMTON. My impression is that it went out in the House on a point of order. I am obliged to give a separate vote on that.

Mr. BLANTON. The gentleman promises to give us an opportunity to vote on that?

Mr. CRAMTON. I will promise to give an opportunity to the House to vote on that matter.

The SPEAKER. Is there objection?

There was no objection; and the Speaker announced as the conferees on the part of the House Mr. CRAMTON, Mr. MURPHY, and Mr. CARTER.

GRAND CANYON NATIONAL PARK.

Mr. CRAMTON. Mr. Speaker, I ask unanimous consent that I may speak for 30 minutes next Monday, following the reading of the Journal, on the accessibility of the Grand Canyon National Park.

The SPEAKER. The gentleman from Michigan asks unanimous consent to speak for 30 minutes next Monday, following the reading of the Journal, on the Grand Canyon National Park. Is there objection?

Mr. SEARS of Florida. Reserving the right to object, Mr. Speaker, I would like to find out the attitude of the majority leader on that question.

Mr. LONGWORTH. I shall certainly not object.

Mr. SEARS of Florida. I certainly shall not object, but the gentleman over there is so anxious to proceed when I want to talk that I want to find out his attitude.

Mr. GREEN of Iowa. The gentleman can talk now, so far as I am concerned.

The SPEAKER. Is there objection?

There was no objection.

ANNOUNCEMENT.

Mr. UPSHAW. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. The gentleman from Georgia asks unanimous consent to address the House for half a minute. Is there objection?

There was no objection.

Mr. UPSHAW. I wish to call the attention of my colleagues to the entertainment to be given in the caucus room to-morrow evening at 8 o'clock by Booth Lowrey, the gifted brother of our colleague. It will be an inspiring and entertaining hour.

EDUCATION.

Mr. EAGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by inserting a message by the Governor of New Jersey to the joint session of the New Jersey Legislature on the subject of education.

The SPEAKER. The gentleman from New Jersey asks unanimous consent to extend his remarks in the matter indicated. Is there objection?

There was no objection.

Mr. EAGAN. Mr. Speaker, under leave to extend my remarks I submit the following message addressed by Governor Silzer to the joint session of the New Jersey Legislature on February 25, 1924:

To the Legislature:

I come to-night to counsel with you on the subject of education. It is clearly the most important thing we have to deal with in our State.

It is our business to see that our children get the best education possible. We are obliged to make our system of education both efficient and economical. Our duty is to the children and, back of them, to their parents, the taxpayers of the entire State.

No single department costs so much to conduct, for the people of New Jersey annually expend \$46,000,000 for education.

Any business corporation spending \$46,000,000 yearly for purely commercial purposes and profit would exercise the greatest care and scrutiny to secure efficiency and economy. Auditors would be employed, as well as supervisors, efficiency experts, and other well-paid, highly qualified men. By this method have the great business enterprises of the Nation been built up by our captains of industry.

In our public administration we usually adopt the course of least resistance and of least friction—the course of drifting until we reach a place where we come upon the rocks or see that we can drift no further. Then we stop, make slight changes in our course, and continue the journey, sure to come upon the rocks again.

In a matter of such great importance we can not continue this course. We must adopt the same methods which have built up our large industries and made this country great.

I do not mean to imply any criticism of those conscientious officers, boards, and teachers who give such unselfish and patriotic thought and attention to this work. What I do mean to say is that periodically we must examine ourselves in order to see whether we are getting the proper results.

In 1911 a legislative committee investigated the school question and made a number of recommendations which were adopted with resulting benefit to our schools. For 13 years there has been no further investigation. These 13 years, with the changes brought about by the war, the increasing complication of modern education, and its vast expense, have entirely changed conditions.

It is true that during that time our boards and those interested in the schools have done much for their advancement. The opportunity, however, for investigation by our State board of education and others is exceedingly limited, because they have neither the time, the money, nor the power to do this work.

In my judgment, the time has arrived when a thorough survey should be made of our entire school system in order to correct such evils as may exist, and to put into effect such improved methods as may be of advantage.

There are at present in the State 693,342 pupils attending school. We have 2,191 school buildings, representing an investment of \$151,796,312.20. There are 21,644 teachers employed, all of which indicates the vastness and complexity of the problem.

In 1920 \$1,200,000,000 was spent throughout the United States for education, an increase of 100 per cent over 1910.

In 1920 education took 36 per cent of the total State and local expenditures, as compared with 26½ per cent in 1915.

In 1920 the highest expenditure was 44.7 per cent, the lowest 16.1 per cent, New Jersey being eighth in the column of States. As I stated before, the present yearly cost is \$46,000,000.

COMPLAINTS.

During the last few years numerous complaints and criticisms have been made of our school system. There are many people who believe that there is too much time spent upon what they call "fads and frills." In this category are included such subjects as basket ball and football, directed play, folk dances, intelligence tests, Palmer method of writing, business training, domestic science, drawing, music, modern language, manual training, public speaking, promiscuous reading to pupils, salesmanship, sewing, cooking, and stenography and typewriting.

These same critics complain that we are neglecting the primary education of our children; that the fundamentals are not being firmly implanted in their minds, and that too much time is being spent on subjects which will be of little or no use to the children in after life.

We learn that out of 298 high-school graduates who took an examination for admission to a State normal school 98 failed.

At another time 129 were examined and 70 failed.

Recently 17 normal-school graduates took an examination to teach in the schools of Irvington; 1 passed and 16 failed. Some received marks as low as 45½ per cent; in other subjects the marks ranged from 40 per cent to zero. The median in arithmetic was 30 per cent.

The questions that naturally arise are: What is wrong with this normal school? What is wrong with these graduates? Do we want our children taught by such teachers?

"A vicious circle," said a recent educational writer, "is drawn when the normal schools blame the high schools for not sending them better material; the high schools blame the grammar schools for sending along pupils insufficiently prepared, and the grammar school snaps back that they would do better work if the normal schools furnished them better teachers."

We spend \$660,000 yearly for medical inspection. Is the inspection systematic and economical? Is there proper coordination between departments? Do educational laws need revising and codifying? Is

proper progress being made in the preparation of textbooks? Is there uniformity of curriculum?

Is the term at normal school long enough to properly train teachers? Are we teaching enough of pedagogy? Have we too many daily subjects for pupils in the elementary departments?

Shall we segregate defective children and teach them useful manual work, or permit them to remain with other classes, trying to teach them that which they can not grasp?

Are teachers' institutes functioning as planned?

These and hundreds of other questions are being asked every day by those most interested in our schools.

Numerous criticisms are being made of the conduct of our schools and of the results obtained. Whether these criticisms are well founded or not I do not know. But I do know that we ought to ascertain whether these criticisms are well founded or not. This is our clear duty. If we find that there is nothing in these criticisms, then the critics will be silenced. On the other hand, if we find that they are well founded, then the evils can and should be speedily corrected. We have no right to leave the matter in the present uncertain state.

COST OF SCHOOLS.

In these times of high taxes it is but natural that there should be a great deal of criticism of the type and character of schools erected and of their high cost.

The value of school properties increased in 1923 over 1922 from \$133,111,171 to \$151,800,000, or nearly \$19,000,000.

In 1914 the value was \$58,000,000, the increase from 1914 to 1923 being nearly \$100,000,000 or nearly 200 per cent.

Disbursement for purchase of land and erection of buildings during the last five years was as follows:

1919	\$2,772,218
1920	5,467,458
1921	12,464,293
1922	14,279,157
1923	19,106,953

This shows an increase of about \$17,000,000 in five years.

In the last five years \$6,525,420 has been expended on buildings for high-school use only to accommodate 11,400 pupils.

In one city a high-school building cost approximately \$2,000,000; in another, \$1,016,000; in another a junior high school cost \$1,400,000.

In even smaller districts with low ratables large sums are spent.

Applications are constantly being made for the passage of bills by the legislature to raise the bond limit so new and expensive schools may be built.

In the building of schools we find included in them large offices, swimming pools, organs, gymnasiums, kitchens, sewing rooms, manual-training rooms, large auditoriums, designed not for educational but rather for community purposes, and many other things of like character. These may all be necessary and advisable, but in view of the criticism we ought to find out. We ought to express our approval if they are correct and our disapproval if they are not, and so end these discussions.

INCOME.

Let us examine our sources of income, those which go to make up the \$46,000,000 expended yearly, to determine whether there is any need for correction or improvement.

It is quite evident that with the natural increase in the number of school children from year to year, this will be a continuing and progressive and troublesome problem.

A comparison of the number of pupils enrolled during the last five years is as follows:

1919	596,994
1920	623,284
1921	640,765
1922	678,734
1923	693,342

This shows an annual increase of 24,097 during this five-year period.

EXPENDITURES.

We must also examine our method of expending the \$46,000,000, to determine whether there is waste, and to determine whether we are getting value received. There are continuing demands for schools and school facilities which will have to be met. For this we must be prepared. We must look to the future and be ready to meet it.

Each year the State officials are confronted with the necessity of reducing requests for appropriations for worthy objects. To illustrate: It was found necessary, on account of insufficient revenue this year, to decline the request of the State Board of Education for the completion of the school for the deaf. This school is a veritable fire trap. From it the younger children have been removed. The older children should also be removed at once, but buildings are not available because the funds are not to be had.

New normal schools are required from time to time, as well as other units in our vast educational system.

Education consists not only of a fundamental and intermediary education, but in high-school and college education. Since the war

there has been an increasing demand for high-school education, as illustrated by the following figures:

Number of pupils entering high school (including repeaters):	
1919	23,034
1920	24,297
1921	26,869
1922	31,484
1923	33,065

This shows an increase of 11,031 during the five-year period, or 50 per cent over the number entering in 1919.

Evidently the young men who went to the front were brought to a realization of the value of education and have made up their minds to have it and to see that the younger members of their families have it.

Our State is most fortunate, in the matter of higher education, in having within its borders institutions which are not surpassed by any in the United States—such institutions as Princeton University, Rutgers College, Stevens Institute, and Seton Hall. Most of these are private institutions, devoted to the education of those who can afford to pay the fees. The State college (Rutgers), however, has a number of free scholarships and is doing excellent work along educational and scientific and agricultural lines. In considering the question of education we can not neglect these demands and needs for higher education.

TEACHERS' RETIREMENT FUND.

Under a State statute our teachers are retired after a certain number of years of service. Under that statute the State is called upon to appropriate nearly \$2,000,000 each year to provide the necessary funds for this purpose. Whether the present method is scientifically accurate and financially sound, and whether it expresses the policy which the States should continue for its protection and the protection of these teachers, is a question that should be examined.

THE PROBLEM.

We must determine how we are going to get the funds to provide the necessary facilities for the educational purposes above outlined.

In what I have said I have but touched the surface of the educational problem. There are many questions which will have to be taken up and examined.

According to the latest United States Census there are in New Jersey 127,661 people who can not read or write, over the age of 10 years. Of these, 911 are between the ages of 10 and 15 years of age. Of this 911, 283 are of native parentage.

These must be taken care of.

Our children must be thoroughly grounded in the fundamentals, and those who desire higher education must be given the facilities.

We can not permit our children, through our neglect and carelessness, to grow up in ignorance or to be half educated. We must make of them enlightened and helpful citizens. We can not permit them to drift back into ignorance and into that class so sadly exploited by others who have more knowledge.

We now have an educational system of which we are proud. We have made great advances in this work. We stand high among the States in our accomplishment. We must not stop now. Our goal should be the best, for nothing is too good for the children of our State.

RECOMMENDATIONS.

I would therefore recommend that the governor be authorized to appoint a committee of nine to make a survey of our entire educational system, the committee to be composed of the nine best qualified persons who can be found. I suggest nine in order that the committee may be large enough to divide itself into sections for the study of particular problems, following this study by a joint conference of the full committee on all questions.

I have not suggested a legislative commission because I realize the sacrifices which members of the legislature must make, not only during the pre-election period but afterwards in the legislative session. It is not fair to ask them to make further sacrifices. Those to be secured to take a place on such a commission must be those who can devote themselves to it and who at the same time have a deep and abiding interest in the solution of this important question as well as a patriotic desire to help the children of the State in which they live.

I would recommend an appropriation of \$75,000 so that the committee may secure such expert advice and help as may be necessary to get the best results. This amount is small when we consider an annual expenditure of \$46,000,000. It may not be necessary to use all of it, but it should be available.

I commend these thoughts and recommendations to your earnest consideration, and trust that in the interest of the schools of our State and the education of our children and their future well-being you will take prompt action.

Respectfully submitted,

Attest:

GEORGE S. SILZER, Governor.

FREDERIC M. P. PEARSE,
Secretary to the Governor.

EXPUNGING REMARKS FROM THE RECORD.

Mr. LONGWORTH. Mr. Speaker, I want to call the attention of the House to a speech printed in the RECORD under leave to extend by the gentleman from Illinois [Mr. MICHAELSON] on the subject of water diversion of Lake Michigan. During his speech he criticized very severely a Member of the United States Senate. He not only criticizes him but practically imputes to him motives of dishonesty.

Mr. BLANTON. Is he present, Mr. MICHAELSON?

Mr. MICHAELSON. Yes; he is here.

Mr. LONGWORTH. I am glad the gentleman is here, because I felt it my duty, whether he was here or not, that I must call the attention of the House to what I regard as a gross breach not only of the privilege of extension but of the well-understood rule that no Member of either body may criticize a Member of the other body. I move that these remarks be expunged from the RECORD.

Mr. MICHAELSON. Mr. Speaker, will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. MICHAELSON. Provided the truth is told in the article, would it be considered a breach of the rules of the House?

Mr. LONGWORTH. Absolutely a breach of the rules of this House for any gentleman to criticize Members of the other body.

Mr. MICHAELSON. I would like to see the rule.

Mr. LONGWORTH. The gentleman had better consult the rules before he so grossly violates the privileges of this House, as he has done in this instance. I move, Mr. Speaker, that the remarks of the gentleman be expunged from the RECORD.

Mr. CONNALLY of Texas. Does the gentleman's request apply to all of the remarks or just that portion to which the gentleman from Ohio has referred?

Mr. LONGWORTH. I think they should all be expunged, because they are so interwoven it is difficult to separate them.

Mr. CONNALLY of Texas. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois have a minute to make a statement, as the gentleman from Ohio has had a minute or so.

Mr. BLANTON. Mr. Speaker, I move as a substitute that such portions of the remarks as are violative of the rules be expunged.

The SPEAKER. The gentleman from Ohio did not yield the floor for the purpose of having another motion made.

Mr. LONGWORTH. Mr. Speaker, I move that these remarks be expunged from the RECORD.

The SPEAKER. Does the gentleman yield to the gentleman from Illinois, as has been suggested?

Mr. LONGWORTH. I yield to the gentleman in order that he may make any explanation he desires.

Mr. BLANTON. Mr. Speaker, a better opportunity should be given—

The SPEAKER. At present the gentleman from Ohio has the floor and the gentleman from Texas is out of order.

Mr. BLANTON. We ought to have a quorum present if we are to vote on this matter now.

The SPEAKER. The gentleman is out of order, because the gentleman from Ohio has the floor.

Mr. BLANTON. Then, Mr. Speaker, I make the point of order of no quorum.

The SPEAKER. The gentleman can do that, of course.

ADJOURNMENT.

Mr. GREEN of Iowa. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 27 minutes p. m.) the House adjourned until to-morrow, Saturday, March 1, 1924, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

338. Under clause 2 of Rule XXIV, a letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, reports on preliminary examination and survey of Cambridge Harbor, Md. (H. Doc. No. 210), was taken from the Speaker's table, referred to the Committee on Rivers and Harbors, and ordered to be printed, with illustrations.

CHANGE OF REFERENCE.

Under Clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 5655) granting a pension to William P. A. Fitzjohn, and the same was referred to the Committee on Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. FAIRFIELD: A bill (H. R. 7398) to amend the organic act of Porto Rico, approved March 2, 1917; to the Committee on Insular Affairs.

By Mr. WAINWRIGHT: A bill (H. R. 7399) to amend section 4 of the act entitled "An act to incorporate the National Society of the Sons of the American Revolution," approved June 9, 1906; to the Committee on the Judiciary.

By Mr. WILLIAMSON: A bill (H. R. 7400) authorizing the Secretary of the Interior to consider, ascertain, adjust, and determine claims of certain members of the Sioux Nation of Indians for damages occasioned by the destruction of their horses; to the Committee on Indian Affairs.

By Mr. McKEOWN: A bill (H. R. 7401) providing for the erection of a public building in the city of Sapulpa, Okla.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7402) providing for the erection of a public building in the city of Ada, Okla.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7403) for the erection of a public building at Drumright, Creek County, Okla.; to the Committee on Public Buildings and Grounds.

By Mr. BACON: A bill (H. R. 7404) for the apportionment of Representatives in Congress amongst the several States under the Fourteenth Census; to the Committee on the Census.

Also, a bill (H. R. 7405) authorizing an exchange of lands between the United States and the State of New York; to the Committee on Interstate and Foreign Commerce.

By Mr. LARSEN of Georgia: A bill (H. R. 7406) to provide for the authorization of appropriation for the purchase of a site and the erection of a Federal building at Swainsboro, Ga.; to the Committee on Public Buildings and Grounds.

By Mr. SUTHERLAND: A bill (H. R. 7407) to amend an act entitled "An act to provide additional credit facilities for the agricultural and livestock industries of the United States; to amend the Federal farm loan act; to amend the Federal reserve act, and for other purposes," approved March 4, 1923; to the Committee on the Territories.

By Mr. WILLIAMSON: A bill (H. R. 7408) to authorize the acquisition of a site and the erection thereon of a Federal building at Winner, S. Dak.; to the Committee on Public Buildings and Grounds.

By Mr. DAVEY: A bill (H. R. 7409) providing for the purchase of a site and the erection of a public building at Kent, Ohio; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7410) providing for the purchase of a site and the erection of a public building at Oberlin, Ohio; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7411) to increase the cost of the public building at Akron, Ohio; to the Committee on Public Buildings and Grounds.

By Mr. JACOBSTEIN: A bill (H. R. 7412) to create an additional judicial district in the territory embraced within the present western district of New York; to the Committee on the Judiciary.

By Mr. HUDDLESTON: A bill (H. R. 7413) to enlarge the post-office building at Bessemer, Ala.; to the Committee on Public Buildings and Grounds.

By Mr. HADLEY: A bill (H. R. 7414) to construct a public building for a post office at the city of Port Angeles, Wash.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7415) to authorize the acquisition of a site and the erection thereon of a Federal building at Blaine, Wash.; to the Committee on Public Buildings and Grounds.

By Mr. McSWEENEY: A bill (H. R. 7416) authorizing and directing the Secretary of the Treasury to acquire, by purchase, condemnation, or otherwise, a suitable site and cause to be erected thereon a suitable building for the use and accommodation of the post office and other governmental offices at Canton, Ohio, at a cost not to exceed \$750,000, and to sell the present building and site; to the Committee on Public Buildings and Grounds.

By Mr. WOLFF: A bill (H. R. 7417) to amend and modify section 408 of the war risk insurance act; to the Committee on World War Veterans' Legislation.

By Mr. McKEOWN: Joint resolution (H. J. Res. 202) for the relief of the boll weevil, drought, and flood stricken farm areas of Oklahoma; to the Committee on Agriculture.

By Mr. EVANS of Montana: Joint resolution (H. J. Res. 203) for the relief of the drought-stricken farm areas of Montana; to the Committee on Agriculture.

By Mr. WATKINS: Resolution (H. Res. 201) to investigate the operations, policies, and affairs of the Bureau of Investigation of the Department of Justice; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANTHONY: A bill (H. R. 7418) granting a pension to Sarah E. Lovell; to the Committee on Invalid Pensions.

By Mr. AYRES: A bill (H. R. 7419) granting an increase of pension to Lucy J. Hartley; to the Committee on Pensions.

By Mr. BECK: A bill (H. R. 7420) for the relief of Albert E. Laxton; to the Committee on Claims.

By Mr. BOYLAN: A bill (H. R. 7421) for the relief of Thomas Murphy; to the Committee on Military Affairs.

By Mr. DEAL: A bill (H. R. 7422) for the relief of Fred E. Jones Dredging Co.; to the Committee on Claims.

By Mr. FAIRCHILD: A bill (H. R. 7423) for the relief of the owner of the scow *John H. Ryerson*; to the Committee on Claims.

Also, a bill (H. R. 7424) for the relief of Lehigh Valley Railroad Co. and McAllister Lighterage Line (Inc.); to the Committee on Claims.

By Mr. GARDNER of Indiana: A bill (H. R. 7425) granting a pension to Mary J. Brown; to the Committee on Invalid Pensions.

By Mr. GREENWOOD: A bill (H. R. 7426) granting a pension to Zilpah I. Eaton; to the Committee on Invalid Pensions.

By Mr. GRIEST: A bill (H. R. 7427) granting an increase of pension to Mary E. Burns; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7428) granting an increase of pension to George Grove; to the Committee on Invalid Pensions.

By Mr. KING: A bill (H. R. 7429) granting an increase of pension to Anna W. Jones; to the Committee on Invalid Pensions.

By Mr. LEHLBACH: A bill (H. R. 7430) authorizing the President to order Leo P. Quinn before a retiring board for a rehearing of his case, and upon the finding of such board either confirm his discharge or place him on the retired list with the rank and pay held by him at the time of his discharge; to the Committee on Military Affairs.

By Mr. McSWEENEY: A bill (H. R. 7431) granting a pension to Raymond E. Fisher; to the Committee on Pensions.

By Mr. MILLIGAN: A bill (H. R. 7432) granting an increase of pension to Andrew J. Lee; to the Committee on Pensions.

By Mr. REECE: A bill (H. R. 7433) granting a pension to Roy B. Wilcox; to the Committee on Pensions.

By Mr. SANDERS of Indiana: A bill (H. R. 7434) granting an increase of pension to Malissa Sawyer; to the Committee on Invalid Pensions.

By Mr. SWOOPE: A bill (H. R. 7435) for the relief of Mary L. Sprague; to the Committee on Claims.

By Mr. TAYLOR of Tennessee: A bill (H. R. 7436) for the relief of the heirs of Joe Wallace; to the Committee on War Claims.

Also, a bill (H. R. 7437) granting a pension to George W. Moore; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7438) granting a pension to Mary M. Oody; to the Committee on Invalid Pensions.

By Mr. THOMPSON: A bill (H. R. 7439) granting an increase of pension to Warren A. Ritter; to the Committee on Pensions.

By Mr. VINCENT of Michigan: A bill (H. R. 7440) granting an increase of pension to Kate H. Garvin; to the Committee on Invalid Pensions.

By Mr. WELLER: A bill (H. R. 7441) for the relief of the owner of the steamship *Neptune*; to the Committee on Claims.

Also, a bill (H. R. 7442) for the relief of the owner of cargo aboard the American steamship *Lassell*; to the Committee on Claims.

By Mr. WILLIAMS of Illinois: A bill (H. R. 7443) granting a pension to Annis White; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7444) granting a pension to Abdillah Ray; to the Committee on Invalid Pensions.

By Mr. WILLIAMSON: A bill (H. R. 7445) granting a pension to Arthur Cruise; to the Committee on Invalid Pensions.

By Mr. WOLFF: A bill (H. R. 7446) for the relief of Luther H. Williams; to the Committee on Claims.

By Mr. WURZBACH: A bill (H. R. 7447) authorizing the President to appoint Robert C. Gregory a captain of Infantry

in the United States Army and place him upon the retired list of the Army; to the Committee on Military Affairs.

Also, a bill (H. R. 7448) authorizing the President to appoint Charles McKee Krausse a captain in the United States Marine Corps; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1427. By Mr. BIXLER: Petition of Rotary Club, Franklin, Pa., indorsing Kelly-Edge bill; to the Committee on the Post Office and Post Roads.

1428. Also, petition of members of Gus E. Warden Post, No. 526, American Legion Auxiliary, favoring bonus for World War veterans; to the Committee on Ways and Means.

1429. Also, petition of Gus E. Warden Post, No. 526, American Legion Auxiliary, Department of Pennsylvania, for adjusted compensation; to the Committee on Ways and Means.

1430. By Mr. BRIGGS: Petition of Clarence E. Gilmore, chairman, W. A. Nabors, commissioner, Walter Splawn, commissioner, Railroad Commission of Texas, opposing the passage of Senate bill 2224, to be known as "The railroad consolidation act of 1924"; to the Committee on Interstate and Foreign Commerce.

1431. By Mr. BURTON: Petition of the National Federation of Post Office Clerks, Local No. 72, Cleveland, Ohio, recommending favorable consideration by the committee of the bill H. R. 4123, and setting forth the reasons therefor; to the Committee on the Post Office and Post Roads.

1432. Also, petition of Asbestos Workers' Union, No. 3, of Cleveland, Ohio, urging passage of any resolution authorizing the appropriation of necessary funds to enable the President to send representatives of the United States to the forthcoming international conference; to the Committee on Foreign Affairs.

1433. Also, petition of the Cuyahoga County Council of the American Legion, February 18, 1924, approving the adjusted compensation bill now pending in Congress; to the Committee on Ways and Means.

1434. Also, petition of divers citizens of the city of Cleveland, requesting support of the measure now pending in Congress amending the Volstead act by permitting the manufacture and sale of beer and light wines; to the Committee on the Judiciary.

1435. Also, petition of the Italian Political and Civic Club, of Cleveland, Ohio, opposing the passage of the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1436. Also, petition of post-office employees of the city of Cleveland, requesting support of the Kelly omnibus bill providing for a reclassification of postal workers' salaries; to the Committee on the Post Office and Post Roads.

1437. By Mr. CULLEN: Petition of the Gold Star Association of America, New York City, N. Y., favoring the passage of House bill 4109, which authorizes an appropriation to enable gold star mothers, fathers, or wives of deceased soldiers buried in France to visit the last resting places of their dead; to the Committee on Military Affairs.

1438. Also, petition of the Victor H. Bridgman Post, No. 44, Veterans of Foreign Wars of the United States, Brooklyn, N. Y., favoring an adequate readjustment of the salaries of letter carriers and post-office clerks; to the Committee on the Post Office and Post Roads.

1439. By Mr. DOYLE: Petition of the city council of Chicago, Ill., favoring the enactment of legislation that will provide for a flow of 10,000 cubic feet per second through the main channel of the Sanitary District Canal; to the Committee on Interstate and Foreign Commerce.

1440. Also, petition of the city council of Chicago, Ill., favoring an amendment to the transportation act of 1920 as will divest the Interstate Commerce Commission of any jurisdiction over rates of depreciation to be charged by local telephone companies; to the Committee on Interstate and Foreign Commerce.

1441. By Mr. GARBNER: Petition of citizens from the eighth district of Oklahoma, requesting that nuisance and war taxes be removed or reduced; to the Committee on Ways and Means.

1442. By Mr. KIESS: Evidence in support of House bill 1542, granting increased pension to Mary D. Bilbay; to the Committee on Invalid Pensions.

1443. By Mr. KINDRED: Petition of Abraham & Straus, Brooklyn, N. Y., favoring a 1-cent rate for postage; to the Committee on the Post Office and Post Roads.

1444. By Mr. KING: Petition of the city council of Geneseo, Ill., favoring the adjusted compensation bill; to the Committee on Ways and Means.

1445. Also, petition of C. R. Hughes and 30 other citizens of Quincy, Ill., in favor of House bill 184, introduced by Representative McGREGOR, providing for the maintaining and encouragement of the raising of canary birds; to the Committee on Ways and Means.

1446. Also, petition of the American Legion Post No. 45, Galva, Ill., on February 4, favoring the adjusted compensation bill; to the Committee on Ways and Means.

1447. By Mr. McNULTY: Petition of the Federation of Jewish Social Agencies, of Trenton, N. J., against the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1448. Also, petition of the Polish Clergymen's Society, Jersey City, N. J., against the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1449. Also, petition of the Bayonne Lodge, No. 909, F. O. B. B., against the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1450. Also, petition of the Master Barbers' Mutual Aid Protective Union Association, of Newark, N. J., against the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1451. By Mr. PERLMAN: Petition of the board of directors of the American Hungarian Chamber of Commerce, meeting on February 26, 1924, opposing the passage of the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1452. By Mr. YOUNG: Petition of 100 citizens of Linton, N. Dak., urging an increase in the duty on wheat from 30 to 60 cents per bushel, the repeal of the drawback provision and milling-in-bond provision of the tariff act of 1922, also urging the passage of the Wallace plan for the marketing of wheat; to the Committee on Ways and Means.

1453. Also, petition of 20 citizens of Wishek, N. Dak., urging the passage of House bill 4523; to the Committee on Ways and Means.

1454. Also, petitions of American Legion Post of Oberon, N. Dak., and petition signed by 162 citizens of Oberon and vicinity, and American Legion Post No. 118, of Gilby, N. Dak., urging the passage of the soldiers' adjusted compensation bill; to the Committee on Ways and Means.

1455. Also, petitions of S. G. Geortson and D. A. Baertch, of Bismarek, N. Dak., and C. I. Turner and other citizens of Heaton, N. Dak., urging an increase in the duty on wheat from 30 to 60 cents per bushel, the repeal of the drawback and the milling-in-bond provision of the tariff act of 1922, also urging the passage of the Wallace plan for the exporting of surplus wheat; to the Committee on Ways and Means.

1456. Also, petition of 16 ex-service men of Kathryn, N. Dak., urging the passage of the adjusted compensation bill; to the Committee on Ways and Means.

1457. Also, petitions of 25 citizens of Beulah, N. Dak., and vicinity; 11 citizens of Mandan, N. Dak.; 10 citizens of Souris, N. Dak.; and 3 citizens of Westhope, N. Dak., urging the passage of the Norris-Sinclair bill; to the Committee on Agriculture.

1458. By Mr. YOUNG: Petition of W. R. Beyer and other citizens of Fort Totten, N. Dak., urging the passage of House bill 6896; to the Committee on the Civil Service.

SENATE.

SATURDAY, March 1, 1924.

(Legislative day of Friday, February 29, 1924.)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The PRESIDING OFFICER (Mr. MOSES in the chair). The Senate resumes the consideration of Senate Resolution 157.

ATTORNEY GENERAL DAUGHERTY.

The Senate resumed the consideration of Senate Resolution 157, submitted by Mr. WHEELER on February 13, as modified by him on yesterday, directing a committee to investigate the failure of the Attorney General to prosecute or defend certain criminal and civil actions wherein the Government is interested.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.